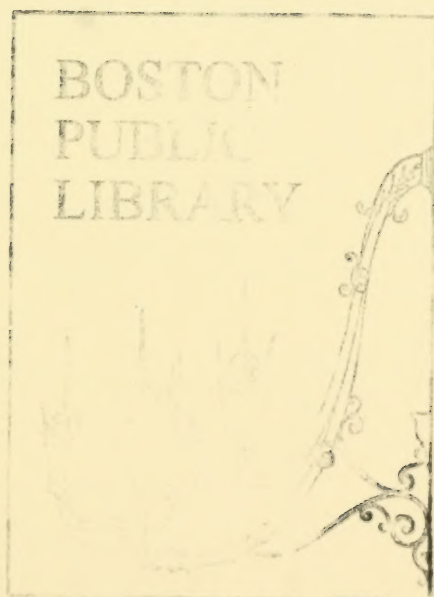
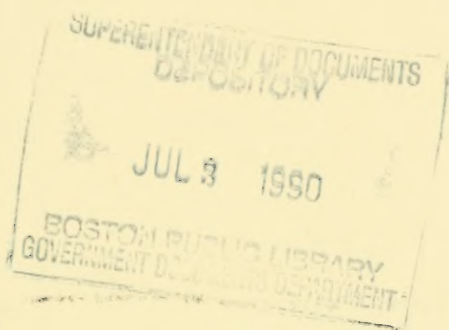


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Senate Report

No. 216



IRAN-CONTRA INVESTIGATION APPENDIX B, VOLUME 3 DEPOSITIONS

United States Congressional Serial Set

Serial Number 13744

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 3
Depositions

Daniel K. Inouye, *Chairman*,
Senate Select Committee
Lee H. Hamilton, *Chairman*,
House Select Committee

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

November 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.

November 17, 1987.—Ordered to be printed.

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United States Senate

SELECT COMMITTEE ON SECRET MILITARY
 ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
 WASHINGTON, DC 20510-6480

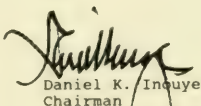
March 1, 1988

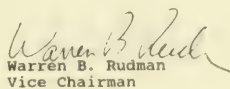
Honorable John C. Stennis
 President pro tempore
 United States Senate
 Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,


 Daniel K. Inouye
 Chairman


 Warren B. Rudman
 Vice Chairman

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U.S. HOUSE OF REPRESENTATIVES

SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN

UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

March 1, 1988

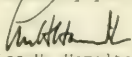
The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,


Lee H. Hamilton
Chairman

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United States House of Representatives

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CIA Air Branch Subordinate.
CIA Chief.
CIA Communicator.
CIA Identity "A".

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Nagy, Alex G.

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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or “use” immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees’ staff in the course of the Select Committees’ investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original

exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the Senate and House Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair,
1 volume, 1987.

Appendix A: *Source Documents*, 2 volumes, 1988.

Appendix B: *Depositions*, 27 volumes, 1988.

Appendix C: *Chronology of Events*, 1 volume, 1988.

Appendix D: *Testimonial Chronology*, 3 volumes, 1988.

All publications of the Select Committees are available from the U.S.
Government Printing Office.

~~UNCLASSIFIED~~

Stenographic Transcript of

HEARINGS

Before the

SENATE SELECT COMMITTEE

~~TOP SECRET~~

UNITED STATES SENATE

DEPOSITION OF PHYLLIS M. BYRNE

NATIONAL SECURITY INFORMATION
 Unauthorized Disclosure
 Subject to Criminal Sanctions

~~UNCLASSIFIED~~

3813

Declassified/Released on 28 Aug 87

Washington, D.C.

under provisions of E.O. 12356

June 16, 1987

By W. P. Roper, National Security Council

AR

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DEPOSITION OF PHYLLIS M. BYRNE

- - -

Washington, D.C.

Tuesday, June 16, 1987

Deposition of PHYLLIS M. BYRNE, a witness herein,
called for examination by counsel for the House and Senate
Select Committees on Secret Military Assistance to Iran and
the Nicaraguan Resistance, pursuant to notice, the witness
being duly sworn by SUSAN A. HARRIS, a Notary Public in and
for the District of Columbia, at the offices of the Senate
Select Committee, 901 Hart Senate Office Building,
Washington, D.C., at 10:00 o'clock a.m., Tuesday, June 16,
1987, and the proceedings being taken down by Stenomask by
SUSAN A. HARRIS and transcribed under her direction.

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VICTORIA NOURSE, Esq.

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CLARK B. HALL, Esq.

8

RICHARD J. LEON, Esq.

9

House Select Committee

10

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13

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Associate Counsel to the President

16

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3

C O N T E N T S

Deposition of:	Examination by Counsel for:	
PHYLLIS M. BYRNE	Senate	House
By Mr. Belnick	4	
By Mr. Leon		23

E X H I B I T S

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P R O C E E D I N G S

(Witness sworn.)

Whereupon,

PHYLLIS M. BYRNE,

a witness herein, was called for examination by counsel for the Select Committees and, having been first duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE SENATE COMMITTEE

BY MR. BELNICK:

Q State your name for the record.

A Phyllis Byrne.

Q Phyllis, you're employed where?

A In the office of the Vice President, in the national security affairs office.

Q For whom do you work personally?

A Donald Gregg.

Q And he's the Vice President's national security advisor?

A His title is assistant to the Vice President for national security affairs.

Q And how long have you worked for Mr. Gregg?

A I joined him in March 1983.

Q And you have worked for him continuously since then?

A Yes.

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5

1 Q I'm going to show you a document which has been
2 marked by the reporter as Byrne Exhibit 1. It is headed
3 "Office of the Vice President, Washington, April 16, 1986,"
4 and then it reads "Schedule proposal."

5 (The document referred to was
6 marked Byrne Exhibit No. 1
7 for identification.)

8 Q I take it you have seen this document before,
9 Phyllis?

10 A Yes, I have.

11 Q Can you describe to me what type of a document
12 this is? What is a schedule proposal?

13 A This is really a form, and it is a form that
14 asks us to provide certain information for meetings for the
15 Vice President.

16 Q Is it a form used when a meeting is proposed for
17 the Vice President?

18 A Yes, it is.

19 Q Some member of his staff requests that he attend
20 a meeting?

21 A That's correct.

22 Q How are these schedule proposals typically
23 filled out in your office?

24 A Well, they're usually filled out by me, and they
25 are filled out with information that has been provided to

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1 me by staff members, usually with a request from the State
2 Department or people from the outside. And with that
3 information, Don examines it and decides whether or not a
4 meeting should be requested.

5 If he decides that it is, I complete the proposal.

6 Q And where does it go after you complete it?

7 A It goes to the scheduling office.

8 Q Is it reviewed by Mr. Gregg? Is the schedule
9 proposal that you complete reviewed by Mr. Gregg before it
10 goes to the scheduling office?

11 A It usually is. This particular one was not.

12 Q We'll get to this one. I want to talk about the
13 usual practice. Usually Mr. Gregg reviews the schedule
14 proposal, correct?

15 A Yes.

16 Q And if he approves it, he puts his initials next
17 to his name on it?

18 A Yes.

19 Q Then it goes to the scheduling office?

20 A Yes.

21 Q Who's in charge of the scheduling office?

22 A Hector Irastorza.

23 Q Again talking about the general practice with
24 schedule proposals, as I understand from your testimony, the
25 information that you put in a schedule proposal always comes

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1 to you from either a member of the staff or the State
2 Department?

3 A In most cases.

4 Q What about the other cases?

5 A Well, it would come from a telephone call.

6 Q But my point is the information never originates
7 with you. It comes to you from somebody else?

8 A Correct.

9 Q And that's always the case?

10 A Yes.

11 Q You fill out what you're told?

12 A Yes.

13 Q And then typically, after you have completed it, it
14 goes to Mr. Gregg for review, he initials it, and then on to
15 the scheduling office for the Vice President, correct?

16 A Yes.

17 Q Who is ^{Craig} ~~Greg~~ Fuller?

18 A The chief of staff to the Vice President.

19 Q And who is Sam Watson?

20 A Deputy to Don Gregg.

21 Q And are they members of the staff who from time
22 to time will give you information for a schedule proposal?

23 A Rarely with ^{Craig} ~~Greg~~. Sam, frequently.

24 Q Frequently Sam Watson. Who else frequently gives
25 you information for schedule proposals? Mr. Gregg himself?

*corrected by
deponent

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- 1 A Mr. Gregg himself.
- 2 Q Sam Watson you say frequently?
- 3 A Sam Watson. The State Department.
- 4 Q Is that frequent?
- 5 A Very frequent.
- 6 Q Who at the State Department?
- 7 A It would depend on what the visit is, the person,
- 8 what desk at the State Department is concerned with the
- 9 visit.
- 10 Q Well, let's say it was a visit relating to
- 11 Central America: What desk or desks will you typically
- 12 hear from?
- 13 A Well, it would depend. There again, it would be
- 14 from that desk and the country.
- 15 Q So if it was from El Salvador, it would be from
- 16 the Salvador desk?
- 17 A That's correct.
- 18 Q If it were something to do with the contras, it
- 19 would be from where in the State Department if it came from
- 20 the State Department?
- 21 A Oh, probably Nicaragua.
- 22 Q Anyone else, aside from Greg Watson and State
- 23 Department, who frequently give you information for schedule
- 24 purposes?
- 25 A No.

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1 Q How many schedule proposals do you complete on
2 the average during an average week?

3 A That would fluctuate, depending on foreign
4 visitors who are coming. It would be difficult to guess.
5 There would be no formula for that.

6 Q Is it a regular part of your task to fill out
7 the schedule proposals?

8 A Yes.

9 Q As far as --

10 A It's a very mechanical exercise with me.

11 Q And you do it day after day?

12 A Yes.

13 Q All the time?

14 A Yes.

15 Q Let's then look at Byrne Exhibit 1 specifically
16 now. And this was addressed to Debbie Hutton. Who is
17 Debbie Hutton?

18 A She at the time was head of the scheduling
19 office.

20 Q When did she cease to be in charge of the Vice
21 President's scheduling office?

22 A I'm not sure of the exact time, but I think it's
23 been about four or five months ago.

24 Q Then going back to this Exhibit 1, which again
25 is dated April 16, 1986, it says it's from Don Gregg and

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1 there are initials "DG." Did Mr. Gregg put those initials
2 there?

3 A No, that is my writing.

4 Q Why did you initial this document as opposed to
5 Mr. Gregg?

6 A Because he wasn't in the office at the time that
7 I had completed it. He knew that I was preparing it. To
8 expedite it, I put his initials on the document and moved
9 it forward.

10 Q Did Mr. Gregg see this document before it went
11 out?

12 A No.

13 Q Did you read him the contents of the document
14 before it went out?

15 A No.

16 Q Had you ever before sent schedule proposals on
17 to the head of the Vice President's scheduling office
18 without Mr. Gregg even hearing what it contained?

19 A Yes.

20 Q Is that something you do regularly?

21 A Yes.

22 Q How do you know whether it's authorized or not?

23 A Because I usually have discussions with
24 Mr. Gregg prior to my preparing it.

25 Q Did you discuss Byrne Exhibit 1 with Mr. Gregg

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1 prior to preparing it?

2 A Yes.

3 Q Did you tell him what it contained?

4 A Well, at the we were talking about it I had not
5 prepared the schedule proposal, so I didn't really know the
6 exact language that would appear in it, that I would put in
7 it, at the time I told him about it.

8 Q I know it's hard to remember a specific day, but
9 in reference to the date on this, when would you have
10 discussed this with Mr. Gregg?

11 A That same day.

12 Q April 16?

13 A Yes.

14 Q Where did you get the information that appears
15 in this schedule proposal?

16 A Well, the information that I got came in several
17 ways. It came in a telephone call from Felix Rodriguez
18 from El Salvador.

19 Q You say in several ways. How else?

20 A Well, he told me when he was coming and that he
21 would like to see the Vice President for a short time. Those
22 are his exact words. I checked my notes.

23 Q You have notes of that conversation?

24 A I have shorthand notes of that conversation.

25 Q Do you have them with you?

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1 A I don't.

2 MR. BELNICK: I'd like to make a request that we
3 receive a copy of those notes.

4 MR. RAUL: We will provide those.

5 MR. BELNICK: Thank you.

6 BY MR. BELNICK: (Resuming)

7 Q All right. Mr. Rodriguez told you when he was
8 coming in and said he would like a short meeting with the
9 Vice President, right?

10 A Yes.

11 Q What else did he tell you?

12 A He didn't tell me anything else except that he
13 left phone numbers where he could be reached at different
14 times in El Salvador.

15 Q Did he tell you what he wanted to speak to the
16 Vice President about?

17 A No.

18 Q What did you do after Mr. Rodriguez called?

19 A I told Mr. Gregg that he was coming in, and he
20 said go ahead and put in a schedule proposal to effect
21 scheduling of the meeting, and this is the result of that.

22 Q Did Mr. Gregg tell you what to put in on that
23 part of the form that describes the purpose of the
24 meeting?

25 A No, he did not.

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Q Did he tell you anything about the background that ought to be put into this schedule proposal?

A No, he did not.

Q Where did you get the other information from that appears on Byrne Exhibit 1?

A The purpose of the meeting was given to me by Colonel Watson.

Q And how did Colonel Watson become involved in this schedule proposal?

A My desk is located right outside of Colonel Watson's door and my word processor is there, too. I turned to him when I was preparing this and asked him to give me a phrase.

Q And he gave you the following phrase: "To brief the Vice President on the status of the war in El Salvador and resupply of the contras"?

A I don't believe that he gave me those precise words, but he did tell me--the resupply of the contras was the phrase that he provided to me.

Q He did tell you that. When you say he didn't give you those precise words?

A Well, he didn't give me the complete sentence as it appears here.

Q But he gave you the substance?

A That's right, and I just structured what he

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1 gave me into a sentence.

2 Q So he told you in essence that the purpose of
3 the meeting would be to brief the Vice President both on
4 the war in El Salvador and resupply of the contras,
5 correct?

6 A Yes.

7 Q And that's what you typed on the schedule?

8 A That's my recollection of what he told me.

9 Q You don't recall getting the purpose from
10 anyone else, right?

11 A No.

12 Q And you didn't make it up yourself, correct?

13 A No.

14 Q Then the information that appears next to
15 "background," from where did you get that or from whom?

16 A I wrote that myself.

17 Q You knew that the Vice President had previously
18 met with Mr. Rodriguez?

19 A Yes.

20 Q The date, that came from Mr. Rodriguez?

21 A Yes, it did. The date came from Mr. Rodriguez,
22 and in a second telephone call he told me that he would
23 not be coming on the 22nd or the 23rd because he was
24 waiting for a plane to bring him to Miami.

25 Q So he told you April 28, between April 28 --

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- 1 A Approximately during that time, yes.
- 2 Q Is it your handwriting, "28-May 2"?
- 3 A It is.
- 4 Q And you put that on there after you typed the
- 5 schedule proposal?
- 6 A Well, I knew of the change in dates.
- 7 Q Before it was sent?
- 8 A No, I think afterward.
- 9 Q And then you conveyed the information to Debbie
- 10 Hutton how? Submitted it again?
- 11 A No. I think it was by either a personal visit to
- 12 our office or else by phone.
- 13 Q So you were making the change on your office copy?
- 14 A Yes.
- 15 Q The duration, 15 minutes, that's because Felix
- 16 told you he wanted a short meeting?
- 17 A Correct.
- 18 Q Location, OEOB. How about the participants? How
- 19 did you know who would participate in the meeting aside from
- 20 the Vice President and Felix?
- 21 A Well, Craig Fuller routinely joins the Vice
- 22 President in most of his meetings and I automatically
- 23 included his name. And of course I put Don's name there
- 24 because he was concerned with the meeting from our office.
- 25 Q And then we have what seems to be some, what I would

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1 guess, boilerplate for something like this, no remarks
2 required, staff photographer to be present.

3 A It's just a filling in the blanks.

4 Q And Don Gregg would be the contact. He's the one
5 who recommends the visit. There is some handwriting at the
6 bottom of the page, "5/1 or 5/2 per Justine." Is that your
7 handwriting?

8 A Yes, it is.

9 Q And who is Justine?

10 A She was the deputy to Debbie Hutton.

11 Q And was she telling you that the meeting would be
12 held 5/1 or 5/2?

13 A Yes.

14 Q And then was it subsequently scheduled for 5/1
15 at 11:30 in the West Wing?

16 A Yes.

17 Q Where in the West Wing would such a meeting be
18 held?

19 A The Vice President's office.

20 Q And all that handwriting is yours?

21 A Yes.

22 Q There seems to be a squiggle at the bottom. Is
23 that --

24 A I don't know what that is.

25 Q An "M" that went crazy?

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1 A It isn't anything in my writing. I don't know what
2 that is.

3 Q Did you discuss with Mr. Gregg before this went
4 out the purpose of the meeting as you had been given it by
5 Colonel Watson?

6 A No.

7 Q Did you discuss that with anybody before this
8 went out?

9 A No.

10 Q Did you show it to Colonel Watson?

11 A No.

12 Q You got the information from him, typed it up,
13 and because Mr. Gregg was not there you initialed Mr. Gregg's
14 initials and sent this out to Debbie Hutton?

15 A That's correct.

16 Q Let's look at the next page, which has been
17 marked Byrne Exhibit 2.

18 (The document referred to was
19 marked Byrne Exhibit No. 2
20 for identification.)

21 Q Now, I take it that this is the memo back from
22 Debbie Hutton approving the meeting that Byrne Exhibit 1
23 requested, correct?

24 A Correct.

25 Q Scheduling it for May 1, putting the time and

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1 place in, correct?

2 A Correct.

3 Q Now, would you turn to the next page of the
4 exhibit, which has been marked Byrne Exhibit 3. It is a
5 one page document, office of the Vice President, Washington,
6 dated April 30, 1986, entitled "Briefing memorandum for
7 the Vice President."

8 (The document referred to
9 was marked Byrne Exhibit No. 3
10 for identification.)

11 Q You have seen this document before?

12 A Yes.

13 Q Did you prepare this document?

14 A I did.

15 Q And from where did you get the information that
16 appears on this document?

17 A Well, I repeated the language that I had
18 included in the schedule proposal.

19 Q Is that the way you typically do it, with a
20 meeting briefing memo for the Vice President?

21 A Well, when it's something of this nature,
22 something as simple as this.

23 Q These briefing memorandums are usually prepared
24 a day or so before a scheduled meeting with the Vice
25 President?

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- 1 A Yes.
- 2 Q They follow a fairly standard form?
- 3 A Yes.
- 4 Q The same as the form we see on Byrne Exhibit 3?
- 5 A That's right.
- 6 Q Now, this memo is listed as being from Don Gregg
7 and it goes directly to the Vice President?
- 8 A It goes to Tom Collamore, who is the staff
9 secretary.
- 10 Q And he was then the staff secretary?
- 11 A Yes.
- 12 Q Do you know whether it's Mr. Collamore's practice
13 to give these memoes then to the Vice President?
- 14 A Yes. He prepares a book at the end of every
15 day and includes background material for meetings that will
16 follow the next day.
- 17 Q So basically, it would have been given to the
18 Vice President to read?
- 19 A Yes, it would have.
- 20 Q And it was from Don Gregg, correct?
- 21 A Correct.
- 22 Q Did Mr. Gregg put his initials on Byrne Exhibit 3?
- 23 A No, he did not.
- 24 Q Who put his initials there?
- 25 A That is my writing.

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1 Q Did you show this briefing memo to Mr. Gregg
2 before you put his initials there?

3 A No, I did not.

4 Q Why didn't you?

5 A He wasn't there.

6 Q Had you previously signed off on briefing memoes
7 for the Vice President without Mr. Gregg seeing them?

8 A Yes.

9 Q In which cases did you feel you had the authority
10 to do that?

11 A Well, in cases where it was a matter of fact
12 situation, where I knew that it was a meeting that I had
13 enough information to provide a memorandum that would meet
14 the requirements for the next day.

15 Q And the information that appears on Byrne
16 Exhibit 3 you took directly from Byrne Exhibit 1?

17 A Yes.

18 Q Did you show this briefing memorandum to anybody
19 before you sent it to the Vice President?

20 A No.

21 Q Now, Phyllis, do you recall whether the Vice
22 President's office responded in any way to this briefing
23 memorandum?

24 A I don't understand your question.

25 Q Did you get a call or did Mr. Gregg get a call

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1 asking about the purpose of the meeting after this
2 memorandum was sent to the Vice President?

3 A I don't believe so.

4 Q Not to your knowledge?

5 A Not to my knowledge.

6 Q When was the last time you discussed either this
7 briefing memorandum or Byrne Exhibit 1, the schedule
8 proposal, with anyone in the Vice President's office?

9 A Well, I guess I looked at it yesterday and
10 talked to John Schmitz about it and ^{Boyd and Gregg} ~~Boyd and Gregg~~.

11 Q Have you spoken to Mr. Gregg about this document
12 in the past?

13 A Yes, we have. We've examined it. It was
14 discovered by Mr. Gregg when we were examining our files.

15 Q Did he ask you at that time about -- what did
16 he ask you at that time about either the briefing memorandum
17 or the schedule proposal?

18 A I don't believe he asked me anything.

19 Q Well, what did you talk about when you found
20 the documents?

21 A Well, we were selecting documents that applied
22 to the document request and this was one of them. And it
23 was brought to his attention at that time.

24 Q Did he say anything when he saw the document,
25 either the briefing memo, Byrne Exhibit 3, or the schedule

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* corrected by
deponent

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1 proposal, Byrne Exhibit 1?

2 A Well, we knew that it contained language that
3 was being questioned at the time, but I don't recall any
4 specific questions of Mr. Gregg.

5 Q What language did it contain that was being
6 questioned?

7 A The resupply of the contras.

8 Q By whom was that language being questioned?

9 A By counsel who had asked us to provide the
10 documents to them.

11 Q By the Vice President's counsel?

12 A Yes.

13 Q Did Mr. Gregg say anything about that language
14 to you?

15 A No, he did not.

16 Q Either when you found the documents or at any
17 time after that?

18 A No, he did not.

19 Q Did he ask you where you got that language from?

20 A We have talked about that.

21 Q And what did you tell him?

22 A That it was provided to me by Colonel Watson.

23 Q Did Mr. Gregg say anything else about that
24 language?

25 A No.

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1 Q Did he say to you that's incorrect?

2 A No.

3 Q Did he register shock or surprise that it was

4 there?

5 A I don't think so. I don't recall.

6 Q Did he register disapproval of your having sent

7 either the briefing memo or the schedule proposal?

8 A No.

9 MR. BELNICK: I have nothing further.

10 MR. LEON: Let me just ask a few questions.

11 EXAMINATION BY COUNSEL FOR THE HOUSE SELECT

2 COMMITTEE

3 BY MR. LEON:

14 Q If I have understood your testimony right, this is

15 a form that you fill out weekly, a number of them weekly,

16 right?

17 A Yes.

18 Q In fact, you probably fill some out daily?

19 A Yes.

20 Q And as I recall the chronology from the Vice

21 President's office, I believe Mr. Rodriguez only visited three

22 times with the Vice President?

23 A Yes.

24 Q And he might have visited on a couple of other

25 occasions with Mr. Gregg. I can't remember the exact number,

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1 but it was a small number of times, is that right as far as
2 you know?

3 A As far as I know.

4 Q So he wasn't exactly a regular visitor to the
5 Vice President's office or to Mr. Gregg's office?

6 A No.

7 Q That's for sure. And you are filling out numbers
8 of these weekly, as you have testified. I guess what I'm
9 having trouble understanding is how it is you can remember
10 today the circumstances surrounding filling out that form
11 that far ago, that long ago, with so many other forms between
12 now and then that you have filled out.

13 Why is it that you can remember the circumstances
14 surrounding how you got the purpose?

15 A Because I went back to my notes of that day. I
16 use a notebook that is dated every day.

17 Q Stenographic?

18 A Yes. And when I went back to my notes, I found
19 this, notes of my conversation.

20 Q With Colonel Watson?

21 A No, with Felix Rodriguez.

22 Q And did that help you remember the events of that
23 day?

24 A Yes, it did.

25 Q Now, did your notes contain any passage relating

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1 to your conversation with Mr. Watson that day?

2 A No, no. I was typing at that time. I was just
3 putting together the language.

4 Q So I guess what I'm trying to figure out is, as
5 busy as you are and all the things you are doing, how it is
6 you can recall that it was Watson that gave you the passage?

7 A He was the only person there. He was the only
8 person in the office who would have been able to provide it,
9 and it was a word that I didn't even know. It was language
10 that I would not have known.

11 Q But I just want to be sure of one thing. Is it
12 that you remember him saying it to you or is it that there
13 was no one else who could have said it to you?

14 A I recall his telling me. It's my recollection that
15 he told me.

16 Q I just wanted to be sure about that, because it's
17 been so long and I know you are doing these things all the
18 time. I know I fill out standard forms all the time and
19 I'll be darned if I can remember.

20 There wasn't something specific about the
21 conversation, was there, that makes it stand out in your
22 mind?

23 A About what conversation?

24 Q The one with Watson.

25 A No.

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1 Q But you do recall it.

2 A Yes, I think I do.

3 MR. LEON: Thank you, ma'am.

4 (Whereupon, at 10:22 a.m., the taking of the
5 instant deposition ceased.)

6 _____
7 Signature of the witness

8 SIGNED AND SWORN TO before me this _____

9 day of _____, 198 ____.

10 _____
11
12 Notary Public

13 My Commission expires:
14
15
16
17
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21
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OFFICE OF THE VICE PRESIDENT
WASHINGTON

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6/16/87

April 16, 1986

SCHEDULE PROPOSAL

TO: DEBBIE HUTTON

FROM: DON GREGG

REQUEST: VP Meeting with Felix Rodriguez, a counterinsurgency expert visiting from El Salvador.

PURPOSE: To brief the Vice President on the status of the war in El Salvador and resupply of the Contras.

BACKGROUND: The Vice President has met previously with Mr. Rodriguez during his visits to Washington and will be interested in the current information he will be able to provide.

DATE: Anytime on April ~~22 or 23~~ ^{28 - MAY 2}

DURATION: 15 minutes

LOCATION: OEOB

PARTICIPANTS: The Vice President Felix Rodriguez
Craig Fuller
Don Gregg

REMARKS REQUIRED: None required.

MEDIA COVERAGE: Staff photographer

CONTACT: Don Gregg, 4213

RECOMMENDED BY: Don Gregg

3513a

5/1 or 5/2 per Juane
5 | 1 - 11:30 - ^{NW} ~~OEOB~~
M

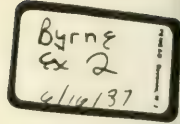
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under provisions of E.O. 12958
by B. Reger, National Security Council

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OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

4/28/86

MEMORANDUM

Don Gregg

TO:

FROM:

DEBBIE HUTTON */djh*

SUBJECT:

APPROVED VICE PRESIDENTIAL ACTIVITY

EVENT:

Meeting with Felix Rodriguez

DATE:

Thursday, May 1, 1986

TIME:

11:30 a.m.-11:45 a.m.

LOCATION:

HW

ATTENDANCE:

3

REMARKS REQUIRED:

None required

PRESS COVERAGE:

Staff Photographer only

MRS. BUSH PARTICIPATION:

No

DRESS:

GENTLEMEN: Business Suit

LADIES: _____

COMMENTS:

Declassified/Released on 28 Aug 87
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by B. Reger, National Security Council

38136

CONTACT(S) (1) Don Gregg () 4213
Name Area Code Number
(2) _____
Name Area Code Number

CC:

C. FULLER
F. KHEDOUZI
D. GREGG
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J. McENTER
J. FITZGERALD

M. FITZWATER
B. P. ROSS
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C. JUDGE
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M. Mc
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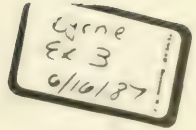
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WASHINGTON

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April 30, 1986



BRIEFING MEMORANDUM FOR THE VICE PRESIDENT

Event: Meeting with Felix Rodriguez
Date: Thursday, May 1, 1986
Time: 11:30-11:45 a.m. - West Wing
From: Don Gregg *ly*

I. PURPOSE

Felix Rodriguez, a counterinsurgency expert who is visiting from El Salvador, will provide a briefing on the status of the war in El Salvador and resupply of the Contras.

III. PARTICIPANTS

The Vice President	Felix Rodriguez
Craig Fuller	
Don Gregg	
Sam Watson	

IV. MEDIA COVERAGE

Staff photographer

Classified/Secret on 28 Aug 87
Under Provisions of E.O. 12356
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I, Susan A. Harris, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

NOTARY PUBLIC

My commission expires July 1, 1970.

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 10-7-87

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DEPOSITION OF ADOLFO CALERO

Thursday, April 9, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan

Opposition

Washington, D. C.

Deposition of ADOLFO CALERO, called as a witness by counsel for the Select Committee, the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, at 10:00 a.m., at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D.C., and the proceedings taken down by Stenomask by MICHAL ANN SCHAFER, and transcribed under her direction.

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APPEARANCES:

On behalf of the Select Committee:

THE HONORABLE HOWELL HEFLIN

ARTHUR L. LIMAN, ESQ., Chief Counsel

PAUL BARBADORO, ESQ., Deputy Chief Counsel

RICHARD PARRY, ESQ., Associate Counsel

LOUIS ZANARDI, Investigator

PHIL BOBBITT

DEE BENSON

On behalf of the House Select Committee to Investigate
Covert Arms Transactions with Iran:RICHARD J. LEON, ESQ., Deputy Chief Minority
Counsel

KEN BALLEEN, ESQ., Counsel

On behalf of the witness:

JOSEPH J. PORTUONDO, ESQ.

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P R O C E E D I N G S

Whereupon,

ADOLFO CALERO

was called as a witness and, having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE

BY MR. LIMAN:

Q Mr. Calero, could you give us a very, very brief description of your educational background?

A Yes. I went to grammar school back home in Nicaragua with the Christian Brothers, to high school in New Orleans, Holy Cross Brothers, to college at Notre Dame, South Bend, Indiana, and then back in Nicaragua I got a law degree at the Jesuit University, but I haven't practiced.

I did some post-graduate -- two post-graduate courses here and attended seminars and other things.

Q And your age is?

A Fifty-five in December.

Q And are you a citizen of Nicaragua?

A I'm a citizen of Nicaragua, yes.

Q And you are a resident of the United States?

A No, I'm not a resident of the United States.

Q You're a non-resident?

A I'm a non-resident, yes. I have refugee status since 1985, I think.

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Q Now prior to the time that the Sandinistas took over in Nicaragua were you a businessman in Nicaragua?

A Yes. I was general manager of the Coca-Cola Bottling Company in Nicaragua, a franchise. The Nicaraguan company, we had a franchise for ~~Coca-Cola~~ for 25 years and I was director of various ~~business~~ enterprises that grew out of the Coca-Cola area, like automobile distributorship, hotel, a ceramics plant, and a refrigerator plant and various other things.

~~Q~~ And had you been a critic of the Somoza regime?

A Yes, I was a critic, strong critic of the Somoza regime. When I left Nicaragua in 1982, in December 1982, I had been for the last three years the spokesman for the ~~Conservative Party~~. I was jailed by Somoza in 1978 for about a month and on a few other occasions, too.

Q And when did you leave Nicaragua?

A I left Nicaragua on Christmas vacation in December 1982 and I could not come back because there were rumors that they were after me. Apparently my name had been leaked as belonging to various organizations, especially the FDN, and my home was looted by national security forces towards the end of January 1983.

So I decided to stay out and join the FDN, official category as a director.

Q And when did you join the FDN?

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A Officially as director I made an announcement here in Washington in February.

Q In February of 1983?

A '83, yes. But I had had relations for quite some time, as I had with other exile groups, too.

Q That's Mr. Bobbitt of our staff who just entered. Could you give us just for the record some description of what the FDN was and how it was founded?

A The FDN came about through a fusion of various groups of Nicaraguans. Some of them, like Berdo Joaquim Gonzalez, who had belonged to the Sandinista military, and other Sandinista guerrillas, national guardsmen who were also gathering to counter the Sandinistas, and people, others like me, who had never had anything to do with neither the Sandinistas nor the Somoza regime.

That was back in 1981. It acquired its name, I believe, towards the end or the beginning. I'm not sure -- the end of 1981, beginning of 1982. It began to be known as the FDN, Nicaraguan Democratic Force. It had a civilian directorate and a military directorate at the time.

I was invited a number of times to participate, but I was still in Nicaragua and I didn't want to come out. I wanted to stay and fight inside. But by the end of 1983, December of 1983 --

Q December of '82 or '83?

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A '82, excuse me, a new directorate came up, the seven-person directorate, and a slot was left in it for me for when I came out. And it was supposed to be in pectore.

Q What is that?

A In pectore is in the chest.

Q In the heart?

A The group decides, but it doesn't come out. And well, of course, that leaked.

Q And that's when you left Nicaragua?

A No, no, because I found out about it in Nicaragua.

I was still in Nicaragua and I had been without a passport for about two months, and finally one of the members of the junta got me a visa to go out for a vacation, and I had all the intention to go back.

Q Now, when you decided to not return and to officially join the FDN, you mentioned that you became a director of the FDN.

A Yes.

Q At that point, which would be the beginning of 1983, did the FDN still have both a military directorate and a political-civilian directorate?

A Well, it was supposed to have only one directorate, which was the civilian directorate, with one military member, six civilians and one military. However, in practice it actually had two directorates.

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Q And you joined the civilian directorate?

A I joined the civilian directorate, yes.

Q And was there a leader of the FDN at that point?

A No.

Q Who was in charge of the military side of the FDN when you joined?

A Well, I would say there ~~was a~~ chief of staff.

Q And who was that?

A That was Emilio Echaverri, and also as a member of the civilian directorate was a man with military background, which was Bermudez, Enrique Bermudez. Militarily Echaverri was at the head, was the chief of staff, but I would say that Bermudez was, say, more respected or more --

Q He was ~~better~~ known?

A Yes, better known and more respected.

Q Now the directorate functioned as a committee?

A The directorate functioned -- I don't know what you mean a committee.

Q Was there a chairman of the FDN at that point?

A No, there was no chairman of ~~the~~ FDN at that point.

Q Was there a person who was first among equals?

A Well, no, there wasn't at that point. We all had different areas of concentration.

Q And what was your area of concentration?

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A My area of concentration was the political aspects, international political aspects. I was doing more writing than anything else. There were others in charge of the -- I think Bermudez and another fellow, Rodriguez, were more, had more to do with the military. Then Edgar Chamorro, who seems to have become famous for denouncing us, he was in charge of publications.

Q Now was the FDN founded in around 1981?

A I believe so, yes.

Q And by the time that you became a member of this directorate in the beginning of 1983, was it engaged in military or paramilitary operations?

A They had already -- the kickoff, let's say, point of the organized Nicaraguan resistance is March 22, I believe, of 1982.

Q And what marked that kickoff?

A The blowup of bridges in the northern part of Nicaragua. One big bridge was blown up. Another was seriously damaged. And the Sandinistas clamped down on the civilian rights in Nicaragua. So that was the kickoff, I would say.

Q Now did you have some information about what the size of the FDN force was when you joined it in the beginning of 1983?

A We did not have much information.

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Q A rough figure -- 5,000?

A Two thousand, maybe -- 2,500, 3,000.

Q Now, at that point how was the military operation of the FDN being funded?

A I remember [REDACTED] were there when I came in. There were [REDACTED] there who were doing part of the training and who were also -- I understood by stories that I was told that there was no direct involvement between Americans and Nicaraguans. All was done through [REDACTED] but I'm just talking reference.

Q Did you come to understand at some point that the CIA was funding the FDN?

A That was my impression, but it was being done [REDACTED] at one point, and I don't remember how long after we were there. Then there was a direct connection. Direct connection was established with --

Q The CIA?

A Well, I never saw -- they never showed me the card.

Q But with the United States?

A With people working for the United States Government, yes, whom I gather were CIA.

Q And during this period when the United States was directly involved who handled the procurement of supplies, military supplies?

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A I don't know who did, but all I can tell you is that we were handed over whatever our needs were, and there was a ceiling. I remember talk about a ceiling which was at different levels at different times, and I wouldn't remember.

Q Is it fair to say that the weapons and military supplies were given to the FDN?

A Yes.

Q And that the FDN was not involved in purchasing?

A In procurement, definitely not.

MR. PORTUONDO: Excuse me a second. Adolfo, you have never given a deposition before, but it's difficult for her to write down or copy when both people are speaking. Why don't you wait until he finishes his question; otherwise, she is going to have a very difficult time.

THE WITNESS: Fine.

BY MR. LIMAN: (Resuming)

Q How did the FDN receive the funds to pay its troops?

A Troops were not paid as such. Some of the officers and some of the people in different jobs who had families to support were given what was called family support.

Q And where did that money come from?

A My understanding is that it came from the United

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States Government.

Q And do you know how that money was transferred?

A No.

Q In 1983 was there a budget that the FDN had for paying its people?

A Well, I don't remember a budget as such. I mean, I was not connected with that aspect of the operation.

Q Who handled that aspect of arranging for the payments?

MR. PORTUONDO: For family support?

BY MR. LIMAN: (Resuming)

Q For family support.

A To tell you the truth, I don't remember. I know Echaverri would get a certain amount of money and he would in turn distribute it to different people. That was for the military.

Q Do you know where he got that money from? That's from the United States?

A From the United States.

Q Do you know who actually handled the transfer of the money?

A No, sir. It would be impossible. I can tell you --

MR. PORTUONDO: Your answer was no.

BY MR. LIMAN: (Resuming)

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Q With whom did you deal as representatives of the United States Government in 1983 in connection with funding of the organization?

MR. PORTUONDO: It assumes you dealt with someone.

BY MR. LIMAN: (Resuming)

Q He indicated he had earlier.

A [REDACTED] head was [REDACTED] and we also had lots of dealings with [REDACTED] -- he went by many names. I knew him as [REDACTED] but then everybody began to talk about [REDACTED] -- I'll remember the name later on.

Q And what did he do? What was his role?

A He was in charge of Central America or he was, maybe project director or whatever. And then there was another, [REDACTED] also that we dealt with.

Q Did you deal with Colonel Steele? Did you deal with him at all at that point?

A Colonel Steele? The name doesn't --

Q Did you deal in 1983 with Oliver North?

A Well, I met Colonel North. I believe my recollection was that I met him [REDACTED] in 1984, but I did not meet him, and if I did, I have no recollection.

Going back to the money, I did not finish telling you that the directors were given also family support and that was given to us at different times [REDACTED] or put into accounts, into accounts of ours, and as far as I know I

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can tell you about me. I don't know about the others, how they got it.

Q In 1983 where were you living?

A I was really nowhere because I had no status anywhere.

Q Were you spending time [REDACTED]

A I was spending a lot of time [REDACTED] Most of my time, I mean, I spent traveling also in other countries, in Europe.

Q And is it fair to say that you were trying to develop political support for the FDN?

A Yes, yes, definitely political support and we were trying to convince people. Our mission, as I remember, was trying to tell the world what the Sandinistas really were, see, because we Nicaraguans were the first to find out what they were doing.

Q Did you know how much the United States Government had appropriated in 1983 for support of the FDN?

A No. No, sir.

Q Do you know what the [REDACTED] were that led to the withdrawal of [REDACTED]

A No.

Q When did [REDACTED] come in?

A [REDACTED] came in in 1983, but before [REDACTED] came in, when we came in as directors, let's say, there was

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already an invention of establishing a direct relationship between the Nicaraguans and --

Q The United States?

A The United States. Then there was no need for this middle man.

Q I would like to mark as the first exhibit some records that were produced by your counsel, I believe. And let's mark as Calero Exhibit 1 a record of financial expenditures beginning with July 1, 1984.

(The document referred to was marked Calero Exhibit Number 1 for identification.)

And as Calero Exhibit 2 a record in the same form that begins with September of 1985.

(The document referred to was marked Calero Exhibit Number 2 for identification.)

Mr. Calero, I'll show you Calero Exhibits 1 and 2 and can you tell me if you've seen these before?

A Yes.

Q And what are they?

A These are the monthly expenses [REDACTED] and it's indicated here what it covers.

Q And who prepared these records?

A In our office, in our finance office.

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Q And when were they prepared?

A They were prepared at the time of -- I mean, I cannot tell you when these were copied.

Q Were these records prepared for the Senate Committee and the House Committee or were they kept at the time in this form?

A ~~These~~ records have been kept all along in our offices, and they are records of all our expenditures and there are to the point where it has been possible to keep all invoices. We have a few trunkfuls of invoices.

Q But were these schedules here, these exhibits 1 and 2, are these schedules that were constructed from the records that you kept there?

A I would not be able to tell you.

MR. LIMAN: Do you know how these records were prepared?

MR. PORTUONDO: No. Let me ~~say~~ he wants to know if what ~~you~~ ~~said~~, Exhibit 1 and Exhibit 2, were something that you prepared for the first time to give to the Senate Committee or are ~~these~~ records which have been made and kept all along when the events occurred

THE WITNESS: These records were prepared. I mean, these were written in order for us because we were in the process of reconstructing everything in order to be able

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to present an understandable record of our expenditures.

BY MR. LIMAN: (Resuming)

Q So that these are financial statements?

A These are financial statements which have been taken out.

Q From the original records?

A From records, yes, from original records. I would say yes.

Q And were these prepared at your request?

A They were prepared -- let me see -- I don't know, about two months ago, three months ago. And I asked --

MR. PORTUONDO: When he says "prepared", he doesn't mean photocopied.

BY MR. LIMAN: (Resuming)

Q Let me just see if I understand what happened here, Mr. Calero. The organization kept records of its expenditures.

A Yes, we have records.

Q And kept records of its receipts, correct?

A Yes.

Q And there came a time when there were inquiries made of the organization as to how much money it had received and how much it had spent, correct?

A Yes.

Q And you can date that to the time that there were

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disclosures in the United States about diversion of money from the Iranian arms sales; is that correct?

A Yes.

Q And in order to demonstrate how the funds that you received were spent you had drawn these schedules based on your original records to show in an understandable form how much money you spent each month; is that correct?

A Yes.

Q And the records from which these exhibits were prepared are records that are [REDACTED]

A Yes.

Q And they were records that were made at the time of the expenditures?

A Yes, which I have never seen.

Q And you have bookkeepers there who keep that kind of records?

A Yes, we have bookkeepers there. In other words, this was not drawn up every month. I mean, this was not drawn up in July of 1984.

Q I understand now. Now, were there records that you received regularly that showed how much was being spent and for what purposes? In 1983 did you receive a report from your financial people?

A I would not see them regularly. I would not see them regularly. But I have a record which is very difficult

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to understand and to follow on account of it showing conversions and all sorts of --

Q I understand that. And what record is that that you have?

A That's a record. It was a report. It's an accounting that I have.

Q It's a report?

A Yes.

Q And who would provide you with that report?

A That report was provided by the head finance man, Mr. Montes [REDACTED] Oscar Montes is the name he goes by. [REDACTED]

Q And how often would you receive these reports from Mr. Montes?

A Monthly.

Q And what did you do with your copies of those reports?

A I would have them [REDACTED] in Miami, wherever.

Q Do you still have those records?

A I have those records.

Q Could we get copies of them?

A Sure.

Q Now if I show you these records maybe you can help

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explain it. Let's look at Calero Exhibit 1 and the second page in it, which is a compilation for July of 1984; am I correct?

A Yes.

Q Could you tell me there's a heading "concepto".

What does concepto translate to in English?

A Concept, account.

Q That's the account?

A Yeah.

Q And under that are various items which are items of expense; am I correct?

A Yes.

Q And the first item says maintenance of personnel, is it?

A Yes.

Q And what does maintenance of personnel represent?

A That would cover --

Q Are those the family allowances or is that some other item?

A That would be -- let me read a little bit more.

Q Take your time. I call your attention to the fact that there is another item called maintenance of troops. Does the item maintenance of personnel mean FDN personnel other than the troops?

A That includes -- this mantenimiento de personal is

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all our administrative and what we call family support for officers and for air force and doctors and hospital personnel and all of that.

Q But the largest item on this sheet is, as I read it, for the maintenance of the troops. Well, maybe it isn't in dollars, but it's [REDACTED]

A [REDACTED]

Q [REDACTED] And that would be the family maintenance allowances for the troops in the field?

A No, no.

Q What would that be for?

A That would come out of here. It would come out of here.

Q When you say "come out of here", it would come out of maintenance of personnel?

A Yeah.

Q Then what would be the [REDACTED]?

A The [REDACTED] which is equivalent to, let's see --

Q It's equivalent to [REDACTED]

A Yes.

Q And that's under the heading of maintenance of troops. What was that for?

A Maintenance of troops was food for troops.

Q And the second item here, it says Viaticos. What

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is that?

A Viaticos, that's per diems and travel expenses.

Q Now this schedule for July of 1984 shows, am I correct, that the total expenditures in dollars after translation comes to about [REDACTED]?

A Yes.

Q Am I correct that that money is the money that was provided by the United States Government?

A No.

Q Where did that money come from?

A This money in July 1984 we began to receive money from foreign sources. This has nothing to do with United States money.

Q When you say you began to receive from foreign sources, into what account were you receiving that?

A Into the accounts that you already have.

Q I believe that the substantial money that you began receiving from foreign sources into your account began in July of 1984.

A That's it.

Q So this money was being spent out of the money that was coming into the account that you maintained?

A Yes.

Q And before that, before July of 1984, you also had these expenses; am I correct?

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A Yes.

Q And how was that money being received?

A That was money received from the United States Government.

Q And into what accounts were those monies put?

A They did not go into accounts at all.

Q That money was disbursed directly by the United States?

A It was disbursed directly by the people who were your representatives down there on a weekly or biweekly basis, depending on the type of the expense.

Q And those were the people that you mentioned earlier?

A Yes.

Q Were you aware when you joined the FDN that the President of the United States had authorized the CIA to provide assistance to the FDN?

A Yes. I was told so.

Q And who told you that?

A [REDACTED] his name was [REDACTED]

Q And did he have a position with the United States Government?

A Yes. He's the one that I described as being the project director or the chief for Central America. He, if I remember correctly, is the one who told me that this project

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had the backing of the President of the United States and that it was being funded, obviously, by the United States.

Q And [REDACTED] I gather, is the name that you were trying to think of before?

A Yes, yes. That's it.

Q Now did there come a time in 1984 before you started to pay these expenses directly out of your account when you were told that there was doubt whether the United States government would be able to continue to provide funding?

A Yes.

Q Tell me about that in your own words.

A Well, through 1983 we were seeing that our project had many detractors, that it had bad press, that it definitely was beginning to turn into a partisan issue.

Q Dispute?

A Dispute. That the President's backing was clear. It was clear the Republican backing was clear. The conservative Democrats were pretty much on our side, southern Democrats, and that we were in more trouble. I mean, it was very obvious since 1983. And then came the time in 1984 when there were no more funds voted, in June -- May.

Q Do you recall that as early as February of 1984 it had become apparent that you would be running out of United

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States funds by May or June?

A Well, I don't remember exactly now.

Q Do you remember that there was some advance notice that the funds were not going to be sufficient to cover the full year?

A Oh, yes. I don't remember, though, exactly when that became apparent.

Q I can understand that. Do you remember that the revelations about the mining of the harbor created some outcry in the Senate?

A Yes, I remember. Yes.

Q And the House?

A Um-hum.

Q And was it at or about that time that you realized that it was going to be very, very difficult to get continued funding from the United States Government?

A Yes. We realized that.

Q [REDACTED] must have been a source of some concern.

A Yes, definitely.

Q You had troops who were dependent on the FDN being able to receive money in order to subsist, correct?

A Yes.

Q And this was a cause that you felt very deeply about, correct?

A Yes.

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Q And you were told that the President of the United States felt deeply about it; am I correct?

A Yes.

Q And you were told that many Members of the Congress felt deeply about this cause?

A I heard from them directly.

Q What plans, if any, were made to provide continued funding after Congress' money had run out?

A Well, we began talking about our concern to very many different people, like General Singlaub I remember was one of the first that we saw about this and so many other people that I would not remember. General Singlaub was like -- we felt he was the closest person we had to us.

Q When did you meet General Singlaub?

A I think in the fall of 1983 I attended a meeting of the Council for World Freedom -- no, no -- the World Anticommunist League. So I must have met General Singlaub before that time, in summer 1983, probably, at the CNP meeting, the Council for National Policy meeting, in Arizona I believe it was. I think I met him there.

And we have been close ever since.

Q At that time General Singlaub was not still in the military of the United States; correct?

A No, he was retired.

Q He was retired.

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A Yes.

Q Who did you talk to who was still employed by the United States Government about what other sources of funding might be available once the official funds ran out?

A Well, just at the time there is a meeting that has been referred to, which I have called like a pep meeting, a pep talk, which took place [REDACTED] when Oliver North -- and I believe that's my recollection of meeting Colonel North.

Q Do you recall when that was?

A June maybe, May, '84.

Q Colonel North's diaries reflect a meeting with you on April 6, 1984 in Washington.

A In his office. I was shown that by the --

Q Independent Counsel?

A Independent Counsel. However, I said I'm sorry, I do not recall that meeting [REDACTED].

Q You recall that there came a time when you did in fact meet with General North in his office in Washington; correct?

A Oh, yes, but that was after [REDACTED].

Q So that your recollection is that you first met him [REDACTED]?

A Yes.

Q And then whatever meetings you had with him in

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Washington were after that meeting [REDACTED]?

A Yes, because I don't remember. See, as I said, a meeting could have taken place, but I cannot remember it.

Q When you first met North [REDACTED] was anyone accompanying him?

A Yes. [REDACTED]

Q Do you remember who that was, what name?

A [REDACTED]

Q And who else?

A Clarridge, and possibly [REDACTED] was there.

Q Now I understand how difficult it is to recall from memory a particular date, but let's see if we can fix this in time in terms of events. At the time that you had the meeting [REDACTED] had it already become apparent to you that funding in Congress was in trouble?

A Well, funding in Congress was in trouble since 1983. As I said, we never knew if it was going to be continued or not. [REDACTED]

Q Do you remember that for the fiscal year '84, the United States fiscal year which ends on September 30, that Congress had appropriated \$24 million? Does that ring a bell at all?

A No. I don't think -- I wasn't even very much aware of when the fiscal year [REDACTED] at the time. I was not -- I mean, I had left the United States for such a long time.

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Q Does the figure \$24 million ring a bell?

A No.

Q Did the meeting [REDACTED] take place before the mining incident?

A No, after.

Q So it took place after the mining incident.

A Yes.

Q And tell us what happened at that meeting.

A Well, I mean, that's another thing very difficult to say, but the thing was that, like I say, the way I described it before -- and I would do the same again -- it was like a pep talk, you know, that something would come about.

Q Who was pepping whom up?

A Well, they are pepping us up. I mean, we are the ones who are in bad shape. And we're the ones who have our brothers in the field, you know, under the threat of getting killed.

Q Did they say they wanted you to continue?

A Of course, of course.

Q Did they say that you still had the support of the President of the United States?

A And that he would keep on trying and trying, that he wouldn't give up, that he would try and request again and again and again.

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Q Did they say that they would try to find other sources of funds for you?

A Well, I would be saying something that I cannot recall exactly.

Q I'm not trying to put words in your mouth. But you were at a time when if the funds ran out you would have troops starving, correct?

A Well, funds ran out afterwards and we got credit, you know. Now we owe [REDACTED]

MR. PORTUONDO: Adolfo, please listen to the question.

BY MR. LIMAN: (Resuming)

Q It was clearly a source of concern to you to hear that the United States might not be able to continue funding, correct?

A Definitely.

Q And after the bombing incident you had this meeting [REDACTED] am I correct?

A Yes, chronologically it was after the bombing. I mean, not on account of the bombing.

Q But it was chronologically after the bombing?

A Yes.

Q And it was at a time when there was doubt whether the funding would continue, correct?

A Correct.

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Q And you did discuss the subject of funding with them?

A We did discuss the fact that possibly -- I don't know if it had been announced already or not that there would be no more money, but that that could be a possibility. I remember talking about that we would have to go to solicit funds, to people, to countries, whatever ways we could fund our effort, that we would get all the help possible in this thing.

Q Who would give you all the help possible?

A Well, I would say Colonel North.

Q And this was your first meeting with Colonel North?

A Sir, I have gone over that before, and I have said --

Q The meeting we're talking about now is the meeting that you had your first meeting with him.

A

Q And was Colonel North described to you as having a particular role in assisting the FDN?

A Let's say I could gather that he was a newcomer into this picture, into the situation.

Q How did you gather that?

A The fact of the way of the introduction, and also then I had information and experience after that that he did

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become a primary player in this thing. You see, I would say -- I mean, he became, after a couple of more meetings with him, I realized that he was going to be the interlocutor, let us say, for the United States Government.

Q Now what about Mr. Clarridge? What did you understand his position to be?

A Mr. Clarridge, we didn't see him very often.

Q Had you met him before this meeting?

A Yeah. He had been [REDACTED] I had met him in Miami, but I don't remember when -- back in '82 or '83, sometime.

Q Did you understand that he was with the Agency?

A Yes. That was my understanding.

Q Was one member of this group -- did one member of this group appear to be the leader of the group at this meeting?

A The one [REDACTED] you mean?

Q Yes.

A Well, it was Clarridge that appeared to me to be the top person in the group, yes. And there was someone else, but I have no idea. There was someone else, too, in that meeting.

Q Was there someone from the State Department in that meeting?

A I don't recall.

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Q Was it Mr. Armitage of the Department of Defense?
Was it Mr. Armitage?

A I would not be able to remember that, because I met Mr. Armitage in an occasion that seemed to me for the first time not too long ago, last year sometime.

Q When you discussed with the members of this group the possibility of obtaining funds from other countries and other persons, do you recall what Dewey Clarridge said?

A No, sir.

Q Do you recall what Colonel North said?

A Well, not at that meeting [REDACTED]

Q Was there a subsequent meeting in which you discussed plans for continued funding?

A We met once more.

Q When did that meeting occur and where did it take place?

A Possibly here in Washington. I would not remember the date. Or [REDACTED] it could have been [REDACTED]

Q Maybe we can get some milestones. You remember that in July of 1984 the FDN started to receive \$1 million a month?

A Yes.

Q And were there meetings that took place between the first meeting you had [REDACTED] with Colonel North and the July date when you started to receive the money?

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A I can tell you now. That reminds me. I gave Colonel North, sometime in June, an account number for a bank.

Q And how did that come about?

A Well, that came about that there was the possibility of foreign sources helping us.

Q Who told you that?

A If I gave him the bank account number --

Q It had to be Colonel North?

A It had to be Colonel North, yes.

Q Do you remember the conversation at all?

A No, I don't.

Q Was it a telephone conversation or in person?

A No. I gave him the number in person, if I remember correctly.

Q Was it in his office?

A In his office I gave him, yes.

Q And did he tell you at that time that he had some good news for you, that they had gotten some money?

A No, no. Then General Second came into this picture too just about the same time. As a matter of fact, I don't remember who I gave my account number to first or how many people did I give it to. I remember giving it to General Singlaub, to Colonel North, to General Second. And General Second spoke about getting money, trying to get

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money for us from, I believe, [REDACTED]

or something like that.

Q Was that before the first \$1 million came in?

A That was before. If I remember correctly, it was before -- you see, what happened. Let me explain one thing.

What happens is this: The most important thing for me was that our men would have food, that our men would be able to defend themselves, that our men would not be sacrificed in vain.

So all the circumstances, all the talks that brought this about, I don't keep a diary. I never write anything down. This war that I was in, you know, was supposed to be clandestine. So all the circumstances made it so that sometimes I would purposely not pay attention to detail or to nothing.

Q Mark as the next exhibit a schedule that we prepared from the bank records that you provided to us, which are the monthly balances for the six Calero accounts that you gave us.

A The six what accounts?

Q Well, we call them Calero accounts, but they are the accounts that you had some authority over and they have, as you will see, for each month the total amount of the deposits and then the total disbursements, and then what the balances were.

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(The document referred to was marked Calero Exhibit Number 3 for identification.)

For the record, the accounts are [REDACTED] in [REDACTED] which was account [REDACTED]; the [REDACTED] account in the same place, account number [REDACTED] -- the first account was in the name of [REDACTED] the second account was in the name of [REDACTED] The third account from which we extracted the information that you gave us the materials on is [REDACTED] in the name of [REDACTED]

The fourth account is a [REDACTED] in the name of [REDACTED] The fifth account is another [REDACTED]

And the final account is a [REDACTED] account at the [REDACTED] which is also in the name of [REDACTED]

If you look at Exhibit 3 you'll see that until July of 1984 the amount of activity in these accounts was very little; am I correct? Until you got the \$1 million there was very little money that either went into the account or was disbursed.

A Look, sir, that account was a personal account.

MR. PORTUONDO: Adolfo, he just asked you

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something that calls for a yes or no answer.

THE WITNESS: Oh, okay.

BY MR. LIMAN: (Resuming)

Q There was very little activity.

A Yeah.

Q And so the first major activity was when you started to get the \$1 million a month; am I correct?

A Yes, sir.

Q And am I correct that it was Colonel North who told you that you would be receiving \$1 million a month?

A No, I don't remember that he told me that I would be receiving \$1 million a month.

Q Well, who told you that?

MR. PORTUONDO: It has been assumed here that he was told that he would be receiving \$1 million a month.

BY MR. LIMAN: (Resuming)

Q Well, were you told that you would receive \$1 million a month?

A No. I don't remember being told that I would be receiving \$1 million a month. I remember General Secord told me that he was trying to work for a donation of between \$15 million and \$25 million, and I remember that I informed Colonel North, because I kept him informed of all our activities, our situation. Every time I saw him I would tell him how we were, what we were doing, what were our

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problems, what were everything.

And so I told him that I had received that, and I don't remember he ever telling me you are going to get \$1 million a month or you are going to get so much. I don't remember that.

The only time was when General Secord said that he was working on some friends to get us between \$15 million and \$25 million.

Q Let's go back to Secord. When did you first meet General Secord?

A I don't remember.

Q Who introduced you to Secord?

A I don't remember. I wasn't introduced as such. I believe that it was through Colonel North and I don't remember if I called General Secord or if he called me on Colonel North's recommendation. But I do not remember. It was here in Washington at a hotel.

Q Was the hotel one on 734 Jackson Place?

A 734 Jackson Place?

Q Does that name mean anything to you, sir -- 734 Jackson Place?

A Well, I met -- if that is the place that's across Lafayette Park?

Q Yes.

A Okay. I met Colonel North there a number of

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times.

Q Where?

A In an office there.

Q Do you know was there a name on the office?

A If I saw it, I would remember it.

Q Was it called the Commission on the United States Constitution or the U.S. Executive-Legislative --

A Look, sir. What I can tell you is that it is --

MR. PORTUONDO: Adolfo, he is not arguing with you. He is trying to refresh your memory. If you don't remember, just say you don't remember.

THE WITNESS: I don't know the name of the office. I cannot remember it. All I can tell you is it was across the street from Lafayette Park.

BY MR. LIMAN: (Resuming)

Q Who gave you the address to meet him there?

A Colonel North, the person I was meeting.

Q And who was present when you would meet with him at this address?

A I was offered coffee by someone who was there, but I don't remember having anybody present there. I do not remember if I ever met General Secord there. I do not remember.

Q Am I correct that you do not remember the name of the office as you sit here today?

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A No. I remember clearly that it was right across the street from Lafayette Park.

Q Did you meet him in a conference room?

A No. I think it was -- yeah, in a conference room. There was a conference room there, and there was an office, too, downstairs, and there was a conference room upstairs. But I don't remember exactly. I remember meeting him in a conference room.

Q You testified before that the operation of the organization, the FDN, was supposed to be clandestine. Do you remember that a moment ago?

A Yes.

Q Was the purpose for meeting Colonel North at this place as opposed to his office in order to keep it secret?

A No, because -- I don't know why.

Q It was his suggestion?

A It was his suggestion that I meet him there, but I after that met him in his office. So I don't know what the purpose was. It was easier to go there because it was no clearance and no this and no that.

Q I'd like you to probe your memory on this. Do you have a recollection as to whether you met Colonel Secord before the \$1 million a month started coming into these bank accounts?

A It would be --

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Q You don't recall one way or the other?

A I don't recall. To me it made no difference, sir, one way or the other.

Q I'm not saying that made a difference. I'm just trying to get a fact, and the fact is that you really at this point, in 1987, do not recall whether you met Secord before or after the \$1 million a month?

A It could have been before.

Q It could have been after?

A Yeah. But, I mean, I remember that -- I mean, if I were to really -- you know, I would say before, you see.

Q That's your best recollection?

A My best recollection would be before. But, as I say, there are things that I just simply did not attach that much importance to.

MR. PORTUONDO: Adolfo, Mr. Liman doesn't want to be argumentative with you and you may get that impression. What he's trying to do is give you certain reference points to enable you to refresh your memory. He understands that things that didn't have significance three years ago you wouldn't be able to recall now because they do have significance. He understands that.

BY MR. LIMAN: (Resuming)

Q Mr. Calero, when you started receiving the \$1 million a month, did you have any discussion with Colonel

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North as to how long this would continue for?

A No, I did not know.

Q Had you given Colonel North any information as to what the needs were of the FDN?

MR. PORTUONDO: He means in terms of how much money you needed.

THE WITNESS: I would say that he had ways to know that.

BY MR. LIMAN: (Resuming)

Q Why do you say that?

A Because he could have checked with his own government. I remember --

MR. PORTUONDO: Excuse me. Adolfo. The question was asked.

THE WITNESS: Look at my process, Joe. My process is that I am thinking out loud, and you are sharing in my recollection of my thoughts.

MR. PORTUONDO: Take your time and give the answer then. He wants you to be as accurate as you can. He doesn't want you to guess.

MR. LIMAN: I appreciate that we're talking about events that occurred three years ago and that at the time it may not have been important to Mr. Calero to remember whether he was told something by North or Second or by someone else. I appreciate that he is struggling with the

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memory and I don't mind his taking his time with his answers.

MR. PORTUONDO: Think to yourself.

MR. LIMAN: This is not a grand jury. It's an effort to try to find out what happened, and I appreciate the effort you are making and the records that you gave us.

THE WITNESS: You understand it is extremely difficult to be able to remember things exactly and to the best of my memory I never knew for how long we were going to receive this. The figure that I heard mentioned clearly was General Secord saying he was going to try to get between \$15 million and \$25 million.

BY MR. LIMAN: (Resuming)

Q Let me see if I can try to help again, this time using Colonel North's diaries. Do you remember meeting with Colonel North at the Hay Adams at any time?

A Oh, yes.

Q And where would you meet him at the Hay Adams?

A We had breakfast there once that I remember very clearly, and we met downstairs, downstairs in the London Grill or something. We had lunch there a number of times. Yes, I remember meeting him there.

Q Do you ever recall meeting him at the side of the parking lot at the Hay Adams?

A A parking lot? There is no parking lot at the Hay

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Adams.

Q Or the side of the park of the Hay Adams?

A Oh, that's where I referred to, the place you called Jackson Place. That's what I referred to. Across the street from Lafayette Park, which is the park by the Hay Adams, is where I met Colonel North -- three, four, two times. I don't remember how many times.

Q Now I will tell you that the first time that Colonel North's diaries refer either to Jackson Park or to the Park itself are an entry for June 26, 1984, which is just prior to the first deposit of \$1 million into the account. Does that refresh your recollection at all as to when you were first told that money would be coming in?

A No, because, see what happens is that my recollection of giving Colonel North my account number was in his office and not in that place.

Q Well, the diary of Colonel North indicates that he met you at his office on June 25, 1984, and June 12, 1984.

A In Jackson Place?

Q No, at his office.

A Maybe June 12, maybe ~~he~~ gave him.

MR. PORTUONDO: He doesn't want you to guess.

BY ~~THE~~ ~~MAN~~: (Resuming)

Q You had three meetings with him, according to his diary, in June -- two in his office and then a third at

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Jackson Place. That doesn't refresh your recollection?

MR. PORTUONDO: As to what?

BY MR. LIMAN: (Resuming)

Q As to the time that you gave him the account number.

A Account number? I gave it to him in his office. That's my recollection.

Q ~~Do you recall~~ how much time passed between when you gave him the account number and when the money first came?

A No, sir.

Q Do you recall him telling you where the money was coming from?

A No, sir.

Q Did he tell you it was coming from a foreign state?

A No.

the United States Government used to
procurement practices of your organization change?

A Well, before, the United States Government used to supply us with weapons and ammunition and also uniforms -- if I remember correctly, uniforms and boots.

Q And what happened after the U.S. Government funding ceased and you started to receive this money in your

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accounts?

A Then we started to buy all these things ourselves.

Q And who handled the procurement for your organization?

A Well, it was different people.

Q Tell me who.

A The procurement of boots and uniforms and belts and web gear was handled by my brother.

Q And where was he located?

A ~~He was~~ located in New Orleans. I handled the procurement of weapons and ammunition. And [REDACTED] we had a procurement office that handled all the food and medicine and local purchases [REDACTED] [REDACTED] we also began to obtain things, some things.

Q Did you have any expertise in procurement of weapons before this?

A No, sir.

Q So let's get the sequence. The United States Government funding ends, funding starts coming into your back account and all of a sudden you have to become an expert in buying weapons; is that fair to say?

A Well, there were very few things that we were buying, you know. It was not a matter of -- it was a matter of buying only a very limited line of weapons and ammunition.

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Q Who gave you advice on where to go to buy the weapons and ammunition?

A Well, the first procurement I got from -- I had met a Colonel in Nicaragua, U.S. military attache, Colonel McCoy.

Q Colonel McCoy?

A Yes, Colonel McCoy. And Colonel McCoy approached me one time and said, you know, whenever I needed anything, you know, I could call on him -- Jim McCoy -- and that he had a connection with a company that could help us out.

Q Was that Gretsch World or Mr. Martin's company?

A At first I got a card from him that said R&M Equipment Company.

Q R&N?

A R&M Equipment Company. And when I found myself in the situation where we were to buy stuff ourselves, then I called on Martin because we were in an emergency and then at the same time also I was speaking to General Secord, who had told me that he could ~~get~~ stuff, too.

Q Let me give you some dates that we have extracted from your records and maybe this will help put things in a time frame for you. Your first purchase from Martin or Gretsch World, as he called himself, was in August of 1984. Your first purchase from a Secord company, according to the records, was in December of 1984.

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A Yes.

Q And between your first purchase from Gretsch World, which was August 7, 1984, was for [REDACTED] then you bought in September for [REDACTED] Then there's a wire payment in November for [REDACTED] And then in December we see the first purchase from a Second entity called Energy Resources, which is for [REDACTED]

I tell you this -- I haven't put a question -- just to give you a time sequence from your records. So let's start with Martin or Gretsch World. Who put you in touch with him? Was that McCoy?

A McCoy, yeah. McCoy handled the procurement. I did not meet Martin for quite a while.

Q So McCoy handled the procurement. Did you tell him what you needed, or did he find that out from the commanders?

A Oh, no, no, no. I told him. For instance, I told him that we needed -- the first thing, I don't remember what exactly was the first thing we bought from him, but we got a credit from them for rifles.

MR. PORTUONDO: Excuse me, Adolfo.

BY MR. LIMAN: (Resuming)

Q This was from Mr. Martin's company?

A Yes, what turned out to be Gretsch World.

Q And how much did you get as a credit?

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A The total amount was about [REDACTED] which we paid in installments of [REDACTED]

Q Did you understand that Martin was the principal or a broker?

A I understood him to be working for --

Q Gretsch World?

A R&M Equipment. And it turned out, I found out later, that R&M Equipment were brokers or agents for this Gretsch World.

Q How did you know how many rifles to order?

A Well, from our needs. We were having thousands of people swarming over to us which we could not arm.

Q And who would communicate to you how many rifles you needed?

A Bermudez.

Q And is it a fact that McCoy would deal directly with Martin on what type of rifles you should buy and what the price should be? Who handled the negotiation with Martin on what type of rifles you should buy and what was a fair price?

A We were offered [REDACTED] G=3s. This was a purchase of opportunity, that the rifles were in --

Q [REDACTED]

A No. It turned out afterwards they were in [REDACTED] and that they were in bond, that they

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could be given credit and that the price was \$300, which was half the price of what I understood the FAL was costing.

Q Who gave you that advice that this was a good price?

A I knew what the price of the FAL was. Oh, McCoy. When I first talked to McCoy -- that must have been in the summer of '84 -- I passed on his card to [REDACTED]

Q Who was that?

A I don't remember who it was. But I passed on the card for them to check them.

Q And did you get a report back?

A Well, not a report.

Q An oral report?

A Yeah.

Q Who gave you that oral statement?

A I don't remember exactly who it was, [REDACTED]

Q [REDACTED]

A [REDACTED]

Q And what were you told about Martin?

A That it was okay for us to do business.

Q Now during this period when you are buying the weapons from Martin and before the first purchase from

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Secord, were you seeking advice from Secord on weapons?

A What happened with Secord, you see, with Secord we put together that order months before we made the first payment. You see?

Q The first payment was in, as I told you, December 19, 1984. What was it for? Do you remember what your first purchase was from Secord?

A Yes. He put together for us, and it took a while for the thing to -- ammunition [REDACTED]

[REDACTED] I don't remember. I would have to look at the records to know exactly what.

Q Do you remember how long it took?

A A long, long time.

Q To work out the arrangement?

A Well, it took -- the ship came until April.

Q And you began paying in December?

A Well, I don't remember if I paid in December for something else, you see, because in January and February we got three air shipments on an emergency basis.

Q Your records, as I've told you, show a December payment.

A Yes.

Q Do you remember when you first began talking to Secord about supplying you with weapons?

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A Possibly in July.

Q And do you know what took all of the time from July till the first of the year to get weapons through Secord?

A That they came from [REDACTED]

Q And Secord told you he was getting the weapons from [REDACTED]?

A Yes. He was not getting them directly; he was getting them through a company that had connections there.

Q Did he talk to you about the fact that [REDACTED] would need some end user certificates in order to make the shipment?

A Yes, and I believe -- I don't remember exactly. For parts of those things there were end user certificates obtained.

Q [REDACTED] ones?

A Yes.

Q Who handled that?

A Someone in [REDACTED].

Q Somebody for the CIA?

A No. A friend of ours, a Nicaraguan -- a Nicaraguan friend of ours. But I don't remember what things needed, because I remember one thing very clearly that he said, because it stuck in my memory. He said that the [REDACTED] sell the rounds like firecrackers, that there was no

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need for end users.

Q Mr. Calero, do you recall that there came a time when the United States Government adopted the Boland Amendment prohibiting further U.S. funding of military and paramilitary activities of the freedom fighters?

A Yes, I remember the Boland Amendment. I did not remember when it was, when it began to apply. However, I have read.

Q You now know?

A I now know.

Q That it came into effect in October of 1984?

A Yeah.

Q Let me see if you recall a series of meetings that you had in September of '84 with Colonel North and some others. As a way of trying to give you a framework for recollection, let me tell you what North's diary shows.

On September 4, 1984, his diary shows that he had breakfast with you at the Hay Adams at 7:30 in the morning. It shows that at 8:30 in the morning Mr. Clarridge, Colonel North and [REDACTED] met you at the Hay Adams. That must have been a continuation of the breakfast.

It shows that at 9:30 Colonel North, Mr. Clarridge [REDACTED] continued the meeting at the Jackson Place office, and it shows that at 11:30 there was a meeting in the Hay Adams lobby with you, Rob Owen, Colonel

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North and Mr. Livingston.

Does that in any way jog your memory of a series of meetings at the beginning of September?

A All those took place in one day?

Q Yes. It was just sort of one series of meetings for you with Colonel North and these individuals after another -- one after another.

A I remember -- I don't remember seeing Clarridge and [REDACTED] is -- well, I think I know who you mean. He used to go by another name.

Q What name did he go by?

A I'll probably think of it later, but right now it doesn't come to mind. I'm sorry, but I do not. As I've said before, I remember having breakfast very clearly one time or twice with Colonel North at the Hay Adams, but I have no recollection of that particular meeting.

Q Do you recall any meeting that took place at or about the time that the Boland Amendment was passed with Colonel North?

A As I said, I met him regularly. Whenever I came to Washington I met with Colonel North.

Q Do you recall any meeting at which you and Colonel North discussed the effect of the Boland Amendment?

A See, there was so much information on the Boland Amendment in the newspapers.

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Q Did you have any discussion that you can recall with Colonel North of the Boland Amendment?

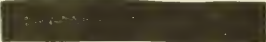
A I cannot remember any clear conversation. It doesn't come to mind a conversation. But, as I say, we used to talk about all the things related to us, so I would expect that that is something that could have come up.

Q Did your business with Colonel North continue after the Boland Amendment the same way as before?

A Well, I continued to inform him of our situation, of our needs, of our problems, of our successes, of our position.

Q And did he continue to give you advice?

A Well, I remember I was asked before about did he ever tell you about Sandinista troops. I remember we talked about the Sandinistas massing troops near the border, which was something that we knew. I remember talking about the Sandinistas getting new shipments of Soviet weapons. I remember about seeing pictures, maybe that I saw published

in 

Q What pictures?

A Pictures of Sandinista installations.

Q Mr. Calero, did the method of operation with Colonel North continue the same way after Boland as before?

MR. PORTUONDO: Did you continue to have the meetings and so on?

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THE WITNESS: I had answered him. I continued to meet with him. I continued to tell him all our problems, all our needs, all our successes.

BY MR. LIMAN: (Resuming)

Q Did you continue to get funding?

A We continued to receive money in our bank accounts.

Q Did Colonel North have a code name that he used with you?

A Yes, yes.

Q What was that code name?

A He told me that the Soviets listened to everything that we talked on the phone in the east coast of the United States and that we should address each other -- I would call myself Barnaby and he would call himself Steelhammer.

Q Do you remember him introducing you to Rob Owen?

A That's what is not clear. My recollection is that Robert Owen was working for Gray and Company, and because I remember the name recently, Gray and Company, and coming to me with a proposal for public relations.

And I understood that that was on Colonel North's recommendation. But I don't know if I was introduced to him or he came to me with this proposal on Colonel North's recommendation. I do not remember. And I remember, however, that the recommendation or the proposal was not

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taken because it was something expensive and I was doubtful that it would look good to have our effort, which was poor, hiring an expensive --

Q An expensive PR firm?

A PR firm, yes.

Q Do you remember meeting a Mr. Livingston with Colonel North?

A The name does not -- Livingston? What does he look like?

Q Let me go back to that purchase of [REDACTED] weapons from Secord. How did you arrive at the price that you would pay for those weapons?

A Well, they were quoted by Secord.

Q And was Colonel North present when Secord quoted those prices to you?

A No.

Q When you would communicate information to Colonel North would you tell him what you were paying for weapons?

A Oh, yes. Oh, yes. I told him what we had ordered. As I say, I kept him -- I gave him all the information and I told him the money we have received.

MR. PORTUONDO: Your answer was yes.

MR. LIMAN: You can let him answer.

MR. PORTUONDO: I don't want him to repeat himself.

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BY MR. LIMAN: (Resuming)

Q Mr. Calero, did Colonel North tell you to whom he was reporting this information?

A No.

Q What did you expect him to do with this information that you were communicating to him?

A That the U.S. Government should be informed of what we were doing. We were allies and we also gave information to the CIA people.

Q Which CIA people?

A The CIA people were always snooping. For a while we called them the snoopers because they wouldn't do anything for us and all they would do was look after us, you see.

Q Did Colonel North ever say to you that he wanted to know how you were spending the money that he had raised for you?

A The way you put the question, sir, is --

Q Did he ever ask you to account for your expenditures of money?

A I did submit to him three, four times, a written, you know -- that we have purchased so much this, so much that, an idea of what we were spending. But I never gave him an invoice or anything like that.

Q But you submitted to him some handwritten account

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of what you had purchased?

A Yes.

Q And how much you had paid?

A Yeah, approximate, because it was all from --

Q From memory?

A From memory, yes.

Q And was it handwritten?

A Yes.

Q And when did you first submit such an account to him?

A It must have been in 1985, beginning of 1985, because it must have been after we got -- see, I did not put a big order in until we got the big money.

Q The big money is what?

A The big money we got in February and March. Before then we were getting \$1 million, and then the next month another \$1 million, and we never knew if it was going to continue, for how long it was going to be.

Q And the big money was the \$24 million that you got in February and March of 1985?

A Twenty-four and a half or 24. I don't remember exactly.

Q And when you received that money, that's when you began to submit these handwritten accountings to him?

A No, because before I had given him more or less an

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idea of what were our expenditures, monthly expenditures.

Q How did you give him that -- orally or in writing?

A Well, I must have orally told him about it, and then sent him or given him figures of what we were spending.

Q Did you mail them to him or hand them to him?

A That's a hard one. I remember mailing a few things to him, but I don't remember what. I remember mailing him cartoons that would appear that were funny.

Q I'm going to ask you about this.

A I don't remember exactly, sir.

Q Was it given to him on a monthly basis?

A No, no. Not on a regular basis we didn't give an accounting.

Q Now after what you call the big money came in in February and March of 1985, on how many occasions did you give him a handwritten document?

believe.

Q And that showed how you were spending the money?

A That showed how much we were, yes. It showed what we had gotten, what we were about to get.

Q In equipment or in money?

A No, in equipment. Just gave him. I don't remember telling him, you know, we got so much money, but I remember telling him, giving him the handwritten -- so many this, so much of that, so much of that.

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Q Where do you remember giving it to him?

A Where? In his office I gave it to him.

Q Did he ask for it?

A We'd start a conversation, you know, and then it's so difficult to determine if he asked or I offered, you know. We came to the conclusion that it was good for him to have that. I think it was good to have, and he wanted to have it. But, you know, it's very hard.

Q Mr. Calero, did you write that out in his office?

A Yes. I believe I wrote it out right there on a piece of paper. I believe I did.

Q And did you observe that he then had that piece of paper typed?

A No.

Q Did he ever give you a typed document that reflected the amounts that you were spending?

A No.

Q Going back to the purchase that General Secord arranged from [REDACTED] was that the very first transaction you had with Secord?

A Yes, that was the very first.

Q And what steps did you take to make sure that you were getting the best price?

A Well, I had gotten price indications, but more than anything else I trusted that a retired general of the

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United States Army, who had, according to what he had said, helped us secure money and had our best interests would be giving us prices that were good.

Q What money did he tell you that he had helped you secure?

A Well, the money that we were getting.

Q Which money -- the \$24 million?

A This money that we began to get in July.

Q General Secord told you that he had helped get that \$1 million a month?

A No. Well, he didn't say that. He was going to help us get between \$15 million and \$25 million a month.

MR. PORTUONDO: Listen to his question.

BY MR. LIMAN: (Resuming)

Q Mr. Calero, in July you began to get \$1 million a month; is that so?

A Yes.

Q And do you recall that then in February and March you got this \$24 million-\$24.5 million? You recall that, don't you?

A Um-hum.

Q Now did General Secord at any time tell you that he had helped get either the \$1 million a month or that \$24 million to \$24.5 million?

A Specifically he didn't say I helped you get \$1

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million a month.

Q Did he ever say he had helped you get that money?

A He said that he was helping to get the money.

Q Who did you thank for getting the money?

A No one.

Q You never thanked Colonel North?

A No one.

Q You never thanked General Secord?

A No one, because he didn't tell me I put so much in there. I just never thanked anyone.

Q Colonel North never discussed with you that you were getting \$1 million a month?

A Sir, I told you that I used to keep him informed of what we were doing, but I never knew. Nobody ever told me you're going to get so much, you're going to get \$1 million a month, and then so much and so much. No one ever told me that.

Q Before that \$24.5 million arrived in February and March were you told that substantial deposits would be made in your account?

A Well, I was told when I gave my account numbers to Colonel North and to General Secord, my understanding was that I was going to be getting money.

Q But that's not quite the same. Did anyone tell you you were going to be getting approximately \$24 million

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in February or March?

A No. The one I remember saying that, I'm trying to get between \$15 million and \$25 million, the one that I remember saying that was General Secord.

Q Was it a surprise to you when you got a notification from the bank that \$24 million roughly had been deposited?

A I was really happy.

Q I have no doubt that you were happy. Were you surprised?

A Well, if being surprised and being happy are associated.

Q Well, you can be surprised and be unhappy, right? You agree with me on that?

A I was surprised and happy, then.

Q You were surprised?

A Yes, I was. I would say I was surprised.

Q No one told you that you could expect deposits of \$24.5 million?

MR. PORTUONDO: In addition to what you have already testified to about General Secord.

BY MR. LIMAN: (Resuming)

Q General Secord told you he was going to try to raise money.

A Try and get between \$15 million and \$25 million.

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Q But he never told you he had succeeded; am I correct?

A Well, I mean he might have led me on to believe that what I had gotten had been through his efforts, you see.

Q After you got the money did you say to General Secord I have received the money?

A Well, I told him, yes. And I said now we can sit down and put in a good order, because the order we had put in before was accumulating. And how you asked me about prices, how did I know about prices. I will tell you how I just remembered.

We made a budget.

Q Who's "we"?

A [REDACTED] made a budget [REDACTED]

[REDACTED] and there was a budget made for [REDACTED] which we were going to need, how many weapons, ammunition, that kind of thing. So I used that as my guide and I was very happy when I found out that we were paying up to 24 cents for the linked ammunition, referring to our budget, and 18 cents for one round of ammunition.

And then some of the ammunition we got from [REDACTED] costed 7.5 cents per round rather than 18, and the links were free, and that we could link them, and we could obtain

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ammunition for about one-third of what the U.S. Government people were budgeting it at.

Q When was this budget prepared?

A Oh, it must have been the end of 1983. We should have a date.

Q Do you have it?

A I will look for it.

Q Could you produce it?

A We'll look for it. I remember seeing it in a pile of papers not too long ago. If I find it, which I think I will, it must have been prepared the end of '83 or beginning of '84. I don't remember exactly when, but I will look for it. Would you jot that down?

MR. PORTUONDO: He'll remind us when it's over.

BY MR. LIMAN: (Resuming)

Q Was there a U.S. representative by the name of Masterson?

A Masterson?

Q Yes, whom you consulted -- Masterpool?

A Oh, Masterpool. I mean, I met him two or three times.

Q Who was he?

A He was a consultant, a volunteer consultant.

Q For whom?

A For us.

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Q For the FDN?

A Yes. And he was in our base camp. I saw him there three times, four times.

Q Did he advise you on procurement?

A No.

Q Did you discuss with Colonel North the fact that you had gotten the \$24 million?

A I told him. I informed him about it.

Q Did Colonel North tell you before that money was received by you that it would be coming?

A Not to my recollection.

Q Mark as the next exhibit a document signed Steelhammer, addressed to My Friend, and it appears to be a draft with handwritten markings on it.

(The document referred to was marked Calero Exhibit Number 4 for identification.)

A I read about that in the paper.

Q Would you look at this and tell me whether you've ever seen this document before, including at the Independent Counsel's office?

(Pause.)

MR. PORTUONDO: It's a three-page document, but you can answer the question that's pending. And that is, did you see this at the Independent Counsel's office or have

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you seen this before?

(Pause.)

BY MR. LIMAN: (Resuming)

Q Have you seen it before?

A No, sir. I mean, a letter like that -- I mean, it has many points with which I am familiar.

Q But do you recall whether they were communicated to you in writing?

A In writing, that letter I do not remember seeing it.

Q Did you ever receive a letter signed Steelhammer?

A Not to my recollection.

Q Did you ever receive any writing signed Steelhammer?

A Well, I remember one. I got a little one of these index cards, but I didn't get it from him.

Q Tell me what that was.

A It contained a name, a Cuban-American that wanted to meet me in Miami and gave me his name and a phone number.

I mean, that I remember.

Q And when you say you didn't receive it from him.

A Well, the secretary gave me one time --

Q Fawn Hall?

A Yeah, a piece of paper with the name of a person.

I mean, I didn't attach any --

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Q Did you ever see the name Steelhammer written out?

MR. PORTUONDO: As opposed to typed?

MR. LIMAN: Or typed.

MR. PORTUONDO: You just answered that it was on a card.

BY MR. LIMAN: (Resuming)

Q No. He didn't say Steelhammer was on the card. He said there was the name of a Cuban-American on the card. Did you ever see the name Steelhammer on a piece of paper?

A It is possible. Well, I tell you I remember right now I got a phone call at my hotel, that Steelhammer had called, so I've seen it, yes.

Q Other than that?

A I'm trying to think. I just remembered that one.

MR. PORTUONDO: How can you forget a message from Steelhammer? If you remember, you'll remind him of it?

THE WITNESS: Yeah, I'll do that.

BY MR. LIMAN: (Resuming)

Q Did you ever receive any document from Colonel North addressed "My Friend"?

A (Nods in the negative.)

Q If you look at Calero Exhibit 4, it starts with a paragraph that says, "This brief letter is being delivered via a trusted courier who has no knowledge of the contents but who can help carry out some of

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what this letter is about.

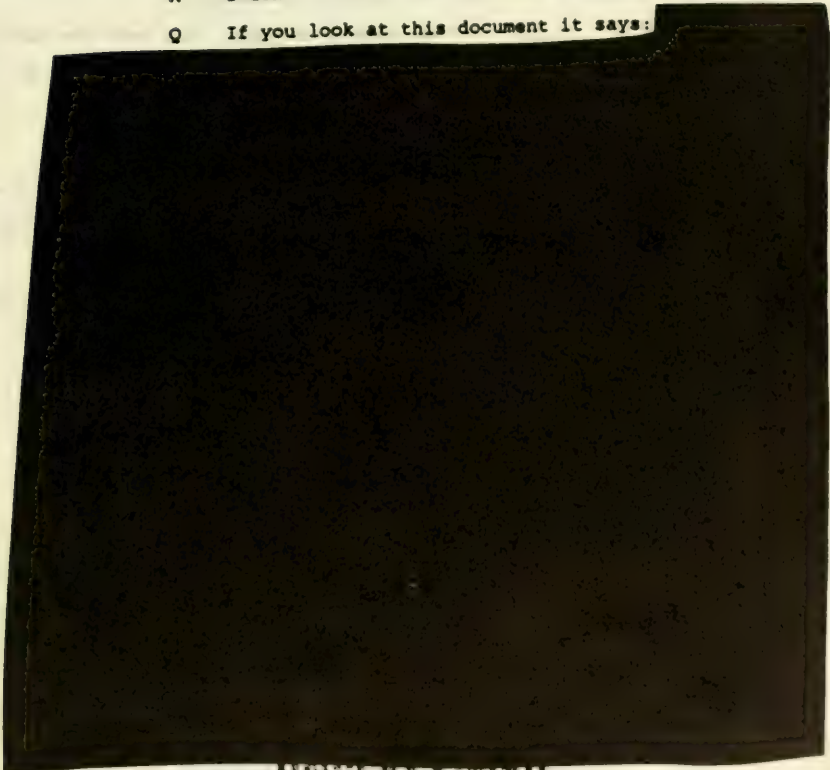
Did Colonel North ever send any document to you via a courier?

A I'm trying to remember if I ever got any document from Colonel North via courier or directly.

Q You just don't recall?

A I don't recall ever getting a document from him.

Q If you look at this document it says:



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THE WITNESS: Yes. Right.

BY MR. LIMAN: (Resuming)

Q After those paragraphs that have the dashes in front of them, it says: And now the best news of all. Next week a sum in excess of --

A It's crossed out, too.

Q Next week a sum in excess of \$20 million will be deposited in the usual account. While this must be husbanded carefully, it should allow us to bridge the gap between now and when the vote is taken and the funds are turned on again.

Do you recall being given that message in substance orally by Colonel North?

A (Nods in the negative.)

Q The answer is no?

A No, sir. I don't remember. And the way we got the money, I remember my surprise and my happiness when the person who was in charge of the bank account -- it wasn't me -- told me so much arrived. And for me it was all sort of like Santa Claus, you know.

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Q Were you told, Mr. Calero, that this money would have to be conserved by you to last for some months?

A No, not for any determined period. As a matter of fact, for me I sort of felt bad when I didn't see any more money coming.

Q Well, were you told that no more money was going to be coming after this?

A No, I wasn't told.

Q Do you remember that by the summer of 1985 this money had pretty much run out?

A Yes. But then at the end is when we got the --

Q Humanitarian aid?

A Humanitarian aid. We already had -- I had purchased -- I think I exaggerated the purchase of ammunition.

Q You stockpiled ammunition?

A Yes.

Q And you stockpiled weapons?

A We spent almost \$20 million, yes, or about \$20 million in ammunition.

Q When this money ran out, do you recall that it was at about the summer of 1985?

A Just about, yes. It coincided --

Q With the grant of the humanitarian aid?

A Yes.

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Q Do you recall that after this money ran out the FDN started to receive weapons directly again?

A No.

Q Were you ever told that a group of private benefactors were now supplying weapons directly to the FDN?

A No.

Q Were you ever told that General Secord had arranged for the supply of weapons to the FDN?

A (Nods in the negative.)

Q The answer is no?

A No, sir. I'm sorry. I forget.

Q Were you ever told, Mr. Calero, by Colonel North that he was not satisfied with the way in which you had managed money that had gone into this account?

A No. I don't remember it.

Q Were you ever told that Colonel North had arranged for General Secord to assume the management of the procurement of weapons for the FDN?

A Well, he had done it for us.

Q Who had done it for you?

A General Secord had procured weapons for us.

Q But you had paid for them.

A Yes. Also, General Singlaub had obtained weapons for us.

Q And you had paid for those?

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A Yes.

Q But were you ever told that instead of the money going to you and you then paying Secord or Singlaub for the weapons that they were going to purchase the weapons with funds being given to them directly?

A No, no.

Q Not through you?

A No.

Q You were never told?

A No, I was never told what you are saying. I was never told, no.

Q And were you ever told that an air strip was going to be built [REDACTED]?

A I heard about the air strip, which I had nothing to do with.

Q But you heard about it?

A I heard about it and I've been asked about it, and I've been trying to think where I heard about it or how I heard about it.

Q But, Mr. Calero, the one thing you knew was that you were not paying for the air strip.

A We had nothing to do with it. [REDACTED]

Q When you heard of this, did anyone tell you where

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the money was coming for that?

A No.

Q The answer is no?

A No, sir.

Q To your knowledge from the time that this money in your account ran out sometime in 1985 until Congress made available money for weapons again in October of 1986, did the FDN receive any weapons?

A The weapons we purchased.

Q Apart from what you had purchased before your money ran out.

A Not to my knowledge.

Q No one told you that there were any kind of air drops of weapons?

A - No. Well, the air drops of weapons were weapons of ours that were being air-dropped.

Q Who was paying for the dropping of those weapons?

A I don't know who paid for it. Let's see. I remember that I learned about it after it had been established and I remember that I told Colonel North about it. And I remember saying that it was lousy service we were getting.

Q But you were getting a service for which you weren't paying?

A For which we weren't paying.

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Q But you're an experienced businessman, so you know you get nothing for nothing, right?

A I am very much experienced in making a profit. I used to be experienced.

Q Now when you spoke to Colonel North about the fact that you didn't think that the service was good --

A I expected that he could do something about it.

Q Did you ask who was dropping this out of the sky?

A No, no. I did not inquire.

Q Did you ask who was paying for it?

A No, I didn't ask who was paying for it.

Q Did he tell you who was handling it?

A No.

MR. PORTUONDO: Wait until he finishes his question, please.

BY MR. LIMAN: (Resuming)

Q When you complained about the service did he have any comment?

A He probably did, but I would not remember what it was.

Q Did he tell you Secord was handling it?

A No, he didn't say, to my recollection. He didn't tell me that Secord was handling it. I didn't see Secord after about the summer or fall of '85. I did not see him again until February of '87. He disappeared from sight --

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from my sight anyway.

MR. LIMAN: Could we take a break for lunch now and then resume? Would you have enough time if we resumed at 1:30?

MR. PORTUONDO: That would be plenty of time.

THE WITNESS: More than enough.

MR. PORTUONDO: Can we ask now if you intend to go --

MR. LIMAN: I think I need two more hours.

(Whereupon, at 12:15 p.m., the taking of the instant deposition recessed, to reconvene at 1:30 p.m., the same day.)

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AFTERNOON SESSION

(1:30 p.m.)

Whereupon,

ADOLFO CALERO,

the witness herein, having been previously duly sworn by the Notary Public, was further examined and testified as follows:

MR. LIMAN: Would you mark as the next exhibit this document?

(The document referred to was marked Calero Exhibit Number 5 for identification.)

MR. PORTUONDO: Before you go on to the next exhibit, Mr. Liman, Mr. Calero and I have talked over lunch and reflected on some of the questions you have asked him. I think he should clarify a few things. I can go ahead and say it and he can confirm it, and you can follow up on it.

Basically he said in regards to the issue of whether or not North ever told him who was paying for the air service, he told me that he recalled that North had said to him that a private group.

THE WITNESS: But not who.

MR. PORTUONDO: And nothing else. You can go ahead and ask him, if that will help somewhat.

He also recalls in regard to the Clarridge and

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North meetings, he does recall a luncheon with Clarridge and North in Rosslyn, Virginia.

In regards to the park issue, he said he has a vague recollection of walking with North in a park.

THE WITNESS: Lafayette Park. I don't know if we met there or if we came out of the place and sat at the park or talked in the park.

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. LIMAN:

Q I appreciate your amplification of the record and, as I told you before, I understand we're talking about events that occurred years ago and you've had many, many conversations with many people. So I'm appreciative of that.

On the first point that was just raised, you have a recollection that Colonel North told you that a private group was paying for the air service.

A Yes, a private group.

Q Tell us when the conversation occurred and what was said?

A I couldn't say when but it was at the time that this air service was going on.

Q And what was your understanding of the air service? What was it doing?

A It was helping us. We always had a logistic

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problem, always. Today we have the same thing. And they were to deliver stock that we had to deliver inside Nicaragua.

Q And where were they getting the material that they would be dropping?

A From our warehouses, because they would come to our warehouse [REDACTED] and they would take the stuff. I was never there. I never met the people in charge of that. Captain Cooper was the manager of the whole thing and he was the person that contacted and spoke to our people down there. And he was the one who would fly the plane. But I never met any of the people.

Q So you understood that the air service would pick up weapons or munitions that were in your warehouses [REDACTED]
[REDACTED]

A And they would deliver them to Nicaragua, yes.

Q And these would have been arms or munitions that you had already paid for?

A That we had already paid for, yes.

Q Did you have any understanding that in addition to that a private group was paying for an air service to deliver either weapons or munitions that were being paid for by the private group?

A No. The only thing was that we were short-shipped in the big shipment that came from Europe arranged by

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General Secord. We were short-shipped, if I remember correctly, M-79 grenades, 40 mm grenades.

Q Was that the first sealift?

A No, no, no. It's the second. We had two sealifts from Secord.

Q And so you were short-shipped in the second one?

A We were short-shipped, yes, and we were short-shipped that, and I believe C-4 also. And I wouldn't know what else. And those things came at some time. It must have been in the late fall.

Q Of what year?

A Of '85.

Q But that's what you had already paid for?

A Yes, what we already paid for.

Q But so far as you know, Mr. Calero, all of these weapons or grenades or ammunition that you received, the FDN received, were paid for?

A Were paid for yes, by us.

Q Were paid for by you. And you have no knowledge of Secord delivering you weapons that were paid for by others?

A No, sir.

Q The second thing was a recollection that you have of a meeting in Rosslyn, Virginia with Dewey Clarridge and North. Tell me about that.

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A Well, it was like for, you know, an old times' sake meeting.

Q When do you place the date of that?

A I would not venture, but it was after Mr. Clarridge -- after he had left the service in Latin America.

Q And was it after the CIA had been excluded from support for the freedom fighters?

A Well, when is your date?

Q I would put that date as October of '85.

A Yes.

Q October of '84.

A It was after that date, but I don't know if the meeting was in '85, the lunch was in '85 or '86.

Q And what do you recall being talked about at the lunch?

A How things were, you know, how things were going. Like I say, it was more he wanted to know, apparently, how we felt, how things were, the long way we had come. You know, how we had survived and that kind of thing -- how we were doing. It was just -- I would call it an old times' sake meeting as far as Mr. Clarridge was concerned, yes.

Q ~~Do you remember anything about that meeting,~~ the walk that you had with Colonel North in Lafayette Park other than that you walked there?

A No.

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Q Were ~~you~~ walking from one place to another?

A You see, what happened was this. I was probably staying at the Hay Adams because I used to get a place there, or the other hotel I used to stay at at that time was the Carleton, the Sheraton-Carleton. That was right, you know, very close to each other. And the Old Executive Office Building was on the other side of the park, and I was on the other side. So I remember that maybe it was we came out of this Jackson Place and walked in the park.

But I remember talking to him in the park.

Q Going back to the period of 1984 when the first \$1 million, the first monthly \$1 million, what discussions did you have with any representatives of the United States Government about how you would be able to manage, now that you had to handle the procurement rather than the United States Government?

A I find no answer for that.

Q No recollection?

A No ~~recollection~~. I ~~mean~~, I just got into this. As you can see from the items listed there, there were not very many items that we had to get, you know. It was not a very complicated matter.

Q But you had never bought a weapon before 1984?

A If you see who we bought weapons from, we bought weapons from a former colonel who I knew before.

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Q That is?

A McCoy. A former general that was introduced somehow by Colonel North.

Q That's Secord?

A Secord. Another former general whom I had met before, General Singlaub. So I was very much afraid of the arms because I had heard a lot about the arms dealers and arms merchants.

Q So you chose people whom you considered to be trustworthy and whom the United States Government had recommended?

A No, no.

Q McCoy was recommended?

A Well, no, McCoy was not recommended.

Q I thought you said that you checked on McCoy.

A I checked on McCoy.

Q And you checked on Secord?

A And they said nothing against McCoy and Secord I had met.

Q Through North?

A Through North. So, I mean --

Q That was a good recommendation?

A The fact that they were former American officers was, for me, a recommendation. I was not afraid to enter into this type because I had read a lot about these arms

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dealers that were, you know, not very good people and all of that. But I felt good with these people -- best of all, I'll be very frank, with General Singlaub.

Q Mr. Calero, did North ever say to you that he wanted you to deal with Secord?

A I don't recollect, but I dealt with Singlaub after I had dealt with North, and there was no objection, I would say. I didn't feel that I was forced to deal with Secord, but I felt in a way that if he had helped to get us money, if he had gotten us materials in [REDACTED] before, I could, although I felt best, as I say, with General Singlaub -- I mean, I had a lot of confidence, blind trust, in him.

Q Were there any incidents with Secord that gave you any reservation about doing business with him?

A No. But I did not feel as good, let's say, with him as I felt with, let's say, with General Singlaub. The more contact I had with him, the more I appreciated him and liked him.

Q What was it about Secord that -- you are having a difficult time verbalizing it and it's there.

A Maybe his ways, his personality.

Q I don't know him, so maybe you can describe it, the way he dealt with you.

A Maybe too self righteous. I don't know. I mean, it's one of those gut feelings that one has about people,

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you know. So if you compared the two, as I said, General Singlaub and General Secord, I mean, General Singlaub was all heart as far as I'm concerned, and I didn't think the other one was that way.

But -- maybe General Singlaub one time made a remark -- I'm trying to recollect. I don't want to put words in General Singlaub's mouth he didn't say.

MR. LIMAN: Off the record a moment.

(A discussion was held off the record.)

BY MR. LIMAN: (Resuming)

Q Did Secord ever express to you any dissatisfaction with the way that the FDN was running its operation?

A No, because he didn't know how we were running our operation. But I remember now that he told me, when I told him that I was going to buy some rifles and some things from General Singlaub and I told him the price -- not from General Singlaub. General Singlaub had friends that were going to get them for us, and I told him the price. He told me, well, he's never going to be able to deliver that. He said something like that. He won't deliver or it's impossible.

Q The price was too low, according to Secord?

A Yeah, the price was too low.

Q Did you ever have to negotiate price with Secord where he came in at one price and you negotiated it down?

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A I would always try and get better prices.

Q Did you ever succeed or did he give you a fixed price?

A Most of the time I would say he would say he would try and get a better price, and I believe he might have in a few items.

Q Let's look at this schedule, Exhibit 5. Have you ever seen this before?

A I believe, if I remember correctly, I wrote this longhand. That's what I referred to.

Q And this is the document in longhand that you gave to Colonel North; am I correct?

A I believe so, yes.

Q And I will tell you that this document was typed in Colonel North's office. That's Exhibit 5.

I'd like to review it with you. The first heading is independent acquisition. Does that refer to the items that you acquired through Martin?

A Yeah. These items were acquired through Martin, the rounds and the magazines, I believe. Let me see. Where did I get those? That must have been it. But the rounds were [REDACTED] and the [REDACTED] hand grenades came to us, and the [REDACTED] -- I mean, it was a very close figure to [REDACTED] but apparently I just rounded.

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Q [REDACTED] G-3s, they came to you? They were delivered to you?

A To us, yes.

Q And if we look down to the next item, it says airlift number one, February 1985. Now, do you recall from whom you got airlift number one?

A This was airlift number one, airlift number two. Apparently there are only two airlifts here, but I believe there were three, but it could be only two. Or maybe two as of April 9. Those were Secord.

See, what happened was we were waiting for the [REDACTED] order that took a long, long time and delayed immensely, and we came to a point where we couldn't [REDACTED] and we needed urgently ammunition. And so we got these two airlifts.

Q Now those were obtained from Secord. Sealift number one, which is an April arrival, do you remember where you got that?

A [REDACTED] That's [REDACTED]

Q And that was from Secord also?

A Yes, Secord. Yes, sir.

Q Now was sealift number one negotiated with Secord in the summer of 1984?

A Sealift number one?

Q Right.

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A Oh, yes, it must have been negotiated sometime in August, I believe.

Q In August?

A Yeah.

Q Was that your first transaction with Secord?

A That was the first transaction with Secord, although, of course, coming from a shorter distance and by air the other transactions, the airlift came before the sealift.

Q And that's because the sealifts were slow in arriving?

A We used to call it [REDACTED]
[REDACTED]

Q And sealift number two also came from Secord?

A Also came from Secord, yes.

Q And what was the origin of those weapons?

A It was various origins. As you see, HK is German, Haukian and Koch, AK magazines are Iron Curtain. The GIP-3 rifles are German. The M-79 grenades are U.S.

Q And where was the ship coming from, do you recall?

A I have no --

Q Was this a European ship?

A [REDACTED] That's what I was told.

Q Now if you look at this schedule, the items airlift one, airlift two, sealift one and sealift two are

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all Secord purchases, correct?

A Yes, sir.

Q And then the first one is called independent acquisition. Do you see that?

A Yes.

Q Was that word "independent" your word?

A I don't recall if it's my word or not.

Q Do you know why you would refer to that as independent?

A No, sir. I don't know if that is my word, if I put that down or not. This was taken off from something handwritten by me.

Q Now there was also a sealift of material that came from Singlaub, right?

A Through.

Q Through him. I'm not suggesting that General Singlaub was the principal. He --

A Arranged it.

Q Arranged this. And when did that come?

A That came, if I remember correctly, right after this other one.

Q Right after the May one?

A It must have come in July-August.

Q And where did that come from?

A That came from [REDACTED]

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Q So you were able to get weapons and ammunition from [REDACTED] from [REDACTED] and from Western Europe to help you in your struggle with the Sandinistas.

A And the easiest thing to do is to get [REDACTED] weapons because they are anxious to sell.

Q To get the hard currency?

A To get the hard currency, yes. And [REDACTED] the same thing. I was invited to [REDACTED] by some [REDACTED] to [REDACTED] but I was afraid.

Q I don't believe that you are afraid of anything, given the difficulties you've had to go through.

A But they are unnecessary risks that I'd rather not take.

Q Was the person who invited you to go [REDACTED]?

A No, no. I don't remember. Some man. I wouldn't remember his name.

Q While we're still with this exhibit, as I understand it you used the money that had come into your account to purchase these weapons as well as to provide for the maintenance of the troops and the organization during the period of the cutoff.

A Yes.

Q And you bought more weapons than you immediately needed in order to stockpile them?

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A Yes, in order to have sufficient amount of weapons, and the last purchase I made was more on account of the fact that it was such a good price that, you know, I wanted to take advantage of it.

Q And that was the purchase that was arranged through General Singlaub?

A Through General Singlaub, yes.

Q And did you at any time after you had completed these purchases and before the United States Government funding got turned on again in the fall of 1986 ever ask Colonel North to arrange for more purchases of weapons?

A No, sir. He did not arrange for these purchases.

Q Did you ever ask him to arrange for any purchases of weapons during that period after you had run out of money and before the government funding got turned on again?

A No. I mean, I remember discussing with him the need we had for ground-to-air missiles, because the helicopters were really -- the beginning of September of '85, August -- well, August or September of '85 -- the Sandinistas began to make heavy use of the helicopters, of the MI-24s.

Q Those are the Hinds?

A The Hinds, yes. So we talked a number of times about ground-to-air missiles, the need we had -- you know, how urgent that was -- but we just talked.

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Q Did you ask him to help you get them?

A Well, I must have. I must have. I don't remember how I worded it, but I must have. I told him of the urgency of our need, of the necessity of those things.

Q What was his response?

A I'd sure love to. I wish you had them. I'd sure love to be able to do something.

Q But you didn't get them?

A No, we didn't get anything.

Q Did you ever discuss it with Secord?

A No, because, see, I didn't see Secord from that time on, until I found him at the Independent Counsel. I discussed -- the one that I discussed this more with was with Martin, whom I had met, and he did try to get them for us, but it was very, very difficult.

I talked to General Singlaub about getting ground-to-air missiles, but then we had no money. And I remember that the package -- these were SA-7s, and we were more interested in the blowpipe. The SA-7s are heat-seeking and we had been told that the Hinds had these heat deflectors. So, you know, we were thinking about blowpipes. But the SA-7s, I remember, cost at the time some figure that was quoted. And then I got quotations, I got letters from all sorts of dealers -- \$160,000 for three state of the art, they would call them, start of the art, the latest Soviet

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ground-to-air missiles -- three missiles and one launcher.
\$160,000.

So that was a lot of money and we didn't have
money then. We didn't get any more money after that.

Q After the money stopped coming did you ever ask
Colonel North why it had stopped?

A Well --

Q Or anyone else?

A I'm working from memory. See, you have to know my
personality. I wouldn't come to anyone and say, you know,
give me money. I mean, for me it's very difficult to do
that. I must have said, my God, I wish we were getting
help. I mean, we're not getting help. Nothing has come.
Maybe that was my way of asking. Then General Singlaub, I
remember, at some point took a trip and I was more relying
on maybe that General Singlaub could do something, took a
trip to [REDACTED] and talked to friends in [REDACTED]
that he had, very good friends [REDACTED]

Q And [REDACTED]

A And [REDACTED] But he wasn't given the support.

Q Support from whom?

A The support from his government.

Q Which government?

A From this government, the U.S. Government.

Q He told you that?

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A Yeah, he told me he was not given support, that he had talked to his friends and everything, but they would wait for some kind of a signal, which apparently they did not get. And that's why he was not successful in getting the money.

Q Did General Singlaub ever tell you he was being cut out?

A Well, I remember that General Singlaub told me that he had been told by Colonel North to stay away from him.

Q To stay away from whom?

A From Colonel North. That I remember.

Q Did he tell you why?

A Too much high profile or something. I would not recall exactly, but he told me this. He told me I haven't seen Ollie in months.

Q Did he ever say to you that North preferred dealing with Secord?

A No, no. I don't remember it being put in those words, no.

Q You didn't see the two as rivals for supplying the liberation forces?

A No, no. I did not see the two as rivals. And, as I say, I'm buying from one. I went and bought from the other, and I felt that I had absolute freedom to do that.

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And I would not know if they were pleased or not pleased, and I didn't ask.

Q But chronologically at least after you bought from Singlaub the money stopped -- chronologically at least.

A Yes, chronologically. Chronologically it stopped.

Q Now I'm going to ask you to search your memory for what you thought at the time. Did you associate the end of the funding with the fact that you had done business with Singlaub?

A No, sir. I did not associate it because the last money I got was in March and Singlaub, I started dealing with him maybe in May, June -- May I think it was. Was it in May?

Q Our first record of payments to General Singlaub for shipments that were arranged by General Singlaub would have been April 26, 1985, which would have been \$2 million. And then --

A Three million three?

Q Three million three in May.

A Well, that's it.

Q And on that the reference is "to be picked up by Claude". Do you know who Claude was?

A No. That's expecting too much from me.

Q I didn't know whether that was a code name.

A Well, it was for them. This was done this way.

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You know, they gave me an account number and the indications, and I would order my lawyer friend to send money to such and such a place, and that was it. But now that you mention it is the first time that that has come up.

Q Were you purchasing for just the northern front or also for the southern front?

A Well, we did not purchase for the southern front as such, but we supplied the southern front.

Q With money?

A With money and with ammunition and weapons. We made a few flights. They are filmed. One air drop is filmed. There was more propaganda in the south than we were.

Q Let me go back to some documents. Over the period of the account we notice that there were payments of some

A [REDACTED] to [REDACTED] and [REDACTED] some-odd to [REDACTED]

Q And that was for the southern front. Your account also indicated that there were travelers checks totalling some [REDACTED] What were they for?

A The travelers checks we used to send -- first before we got this thing rolling, before we made contacts that would make transfers through accounts in the States and delivery [REDACTED] we would do most of our business

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through travelers checks, and we would do a lot of the purchasing with travelers checks, too.

But then we started to use -- see, we had a currency broker [REDACTED] who had a bank account in the States. We did it through various ones. Then we would deposit in the States and they would deliver [REDACTED] in [REDACTED] at the parallel rate, which always higher. And then travelers checks we used for -- it was a very convenient way and we were not charged for them by the bank.

Q When did you last see Oliver North or speak to him?

A Late October or the first of November that I saw him. And then I went to [REDACTED] and on my way back [REDACTED] in Miami I was ambushed, as I said, by a crowd of reporters who, you know, said what do you say about the gun money.

Q About the diversion -- so-called diversion?

A The diversion of money, about Colonel Poindexter resigning and Colonel North being fired. And that was very shocking to me, really. That night, after I went to some newscasts and everything, you know, because they were all after me, I came home and I called Colonel North at the National Security -- what do they call it -- SIGNET?

Q SIGNET?

A SIGNET, right, which was a very easy number. I

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recall it to this day - [REDACTED]

Q And what happened?

A And he answered the phone and I said, Ollie, I'm shocked to hear what's happened and I feel very deeply and I pray to God that everything will turn out all right. And I don't know of any money. And he said, well, thanks buddy -- he used that word, "buddy" -- thanks, buddy. Things will come out all right and God bless you. Via con Dios, he would say all the time, via con Dios. And then that's the last time I have talked to him.

I've been told that I could see him or talk to him because it's not against the law, but I have not done it.

Q Did you ask him in the conversation about this so-called diversion of funds?

A I said, I don't know anything about this. I told him I didn't know. I didn't ask. I said I don't know about anything. I haven't gotten all this money that they say I got. I haven't gotten any money since March 1985.

Q March 1985.

A I had gotten \$1 million.

Q Right, but not big money.

A Not big money, no nothing. And I don't know what he said, but he was not very talkative. I imagine he must have been -- and he said, you know, everything will be all right. This is crazy, all this money. And I believe he

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used these words: this is all crazy. Or something like that.

And then he said things will be all right and via con Dios, or something like that. And I don't remember exactly.

Q Did you ever meet Admiral Poindexter?

A Yes. I met Admiral Poindexter. First, he came into Mr. North's office one time when I was there, I believe.

Q When?

A I don't remember. And then when I saw the President.

Q When was that, what year?

A We saw the President the first time in April, I believe. It was in April '85.

Q What was the meeting about?

A He met with the resistance, the Nicaraguan resistance and it was a protocolary thing, I would say. And then we met him again after the vote when he told us --you know, it was a pep talk.

Q This was the vote --

A The vote that we lost.

Q The vote that cut off the funds in 1984?

A No, no. I never met -- in 1984 I never met the President. The first time was in 1985, I believe. I'm not

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too sure. And then I think we lost the vote -- no, no, when we lost the vote in 1986, because soon afterwards we won the vote.

Q This is when the House first voted against?

A When the House first voted against.

Q Against the aid.

A It was almost a public meeting, you know.

Q Now Poindexter was at one or another of these meetings with the President?

A Yes.

Q Did you ever have any discussions with Admiral Poindexter?

A No. I don't remember having much of a conversation with Admiral Poindexter, no. I don't remember ever seeing him alone or anything.

Q Did you know Mr. McFarlane?

A Yes, I know Mr. McFarlane. I believe the first time I met him was [REDACTED] and I had about a 20-minute talk with him.

Q Was that in 1985?

A No, 1984.

Q And was that when he made a trip just before the inauguration of the President for the second term? Do you remember that, January of '84?

A January of '84? I don't remember when it was. I

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remember that he was [REDACTED]

Q Do you remember what he said?

A I did most of the talking. I mean, I remember him as a very tight-lipped man, not very talkative, and he wanted to know how things were. And I told him. I explained to him our situation and our position. I think that must have been sometime in --

Q It was in January of 1984?

A It was in January?

Q Yes.

A He was not there after.

Q Did you also meet him after? I know you mentioned January of '84. How many times did you meet him [REDACTED]

A Once. I only saw him once.

Q January of 1984?

A I met him in January 1984, and then I saw him again here once, twice, three times. When we saw the President the first time he was there. Then I don't know if I met him before or after I met with him.

Q Did you talk to him about getting more funding?

A I talked to him about our needs. Definitely I must have told him our needs. Oh, yes. But that was -- let's see, I'm trying to think if it was in both meetings. I'm trying to remember when. You see, I must explain to you

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so you know my situation, that I never kept -- you saw my appointment book. You know, I started writing in it and then I just let go on it and never wrote another, and then for one year I didn't buy a memorandum again.

Q Did Mr. McFarlane ever talk to you about arranging for funding for the Contras?

A I have read. After that I have read that he had something to do with [REDACTED] or something, that he had been offered something, but I am trying to think. As I say, I found him not very talkative and he would listen. Maybe he did say in that January meeting, you know, we will see what we can do or something like that. But I don't remember any exact. I would be putting words in his mouth if I told you that he told me this and that or if I left a meeting with him real happy, I would remember it.

Q And you do not recall any separate meetings with Admiral Poindexter, as I understand it.

A No. I do not recall any.

Q And in your meetings with the President of the United States, these were meetings which were group meetings?

A Group meetings, yes, sir.

Q And those were meetings in which he pledged to try to get support for your cause?

A Yes, vital support. He asked for it.

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Q Let me go back to November of 1984, which was right after the Boland Amendment ended U.S. aid. Do you recall telling any United States representative at that time that [REDACTED] had ceased to support the FDN?

A No, because they never supported us before. In 1984 [REDACTED]?

Q Yes. Had they provided any technical support?

A No, sir. I remember talking to a man named [REDACTED] I think his name is one you have a copy of; he was the [REDACTED] for Central America -- and asking him for help, and he said well, we'll see. You know, it's a difficult situation [REDACTED]

[REDACTED] But we'll see. Maybe with medicine we can start, but we never got anything from them.

Q Did you ever try to get any help from [REDACTED] over there and said, you know, [REDACTED]

[REDACTED] This thing can be done again, et cetera, et cetera. And then he said I don't know what we can do.

Then one time he called me back. I don't know precisely the dates. He called me -- yes, he called me in, I believe it was, '85. No, in '86 he called me, in April of

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'86. I remember because in April of '86, I will never forget, that's when we had our internal problems. And he called me to come to Washington. I was very enthusiastic and when I came to Washington he told me he was about to retire and that he was going to set up a company and wanted to do business.

So I said, okay, sir, we'll take anything on credit, you know.

Q You should have shown him your bank account at that point.

A And then he said, well, that's very difficult and I think we would require letters of credit. So it came to an end.

Q Let me ask you, let's go back to November of 1984.

Do you recall learning in November of 1984 that the Soviets had delivered the Hind helicopters to the Sandinistas?

A Well, I recall talking about the Hinds arriving, you know.

Q Do you remember talking to Colonel North about it?

A Oh, yes.

Q Do you remember telling him that you were upset that the CIA hadn't warned you that these helicopters were arriving?

A Well, I complained many times -- I don't remember if it was in November -- that we would get no help from the

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CIA and that the CIA only served their own purposes and that they would want to snoop on us and try to find out what we were doing and what we were thinking even, and that they would give us no help at all.

And I remember complaining, but I don't remember the times that I did, nor do I remember when I did it.

Q Am I correct that the reason that you would communicate this to Colonel North is that he appeared to be sympathetic to you?

A Yes, he was definitely sympathetic. I don't know if you know Colonel North, but he seems to be -- he's a very dedicated person. He has a warm -- I mean, you know, you can't help liking him and appreciating him. And he was very sympathetic, yes. And he would have ears for us, you know, for our crying, I would say.

Q Did you ask him to provide you with any intelligence so that you could destroy these helicopters?

A We talked about that, but the helicopters everybody knew were in the Managua area because people would see them there, and we knew they were there, and we knew that they were building the airport in Punta Wette and that when that airport in Punta Wette was built that had underground storage that they would be transferred, and that the best thing would be to destroy the helicopters on the ground like the Viet Cong used to do.

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But we didn't have the expertise. Yes, we talked.

Q Did he provide you with any intelligence on that?

A That's difficult. I will tell you one thing, sir.

This I know for a fact, that we never did, we never did any military action -- because I don't know what intelligence is and I don't know what general knowledge is in many ways, and I don't know what's sensitive. I don't know what is not sensitive. I mean, I couldn't judge that.

But I can tell you one thing. We never took any action on account of any information provided by Colonel North, whether it was intelligence or just plain information or just --

Q Did Colonel North ever tell you that he couldn't help you in any request you made because of United States law?

A He would say that he was always on the edge. I remember he didn't use that word, but --

Q You mean U.S. law?

A Yeah, that's what he referred to -- being --

Q On the edge?

A On the edge. In other words --

MR. PORTUONDO: Walking a tightrope? --

THE WITNESS: Yes, walking a tightrope or, how would I put it -- that he was conscious of a law and then he was trying to --

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BY MR. LIMAN: (Resuming)

Q Walk right up to the edge?

A Yeah, that was my -- I mean, I don't know in what word he put it.

Q But that was the substance of it?

A Of what he said. I mean, he could have made that comment a few times.

Q What were the occasions on which he made that kind of comment?

A I mean, he made it, I don't know, a few times -- three, four times, or five. I don't know.

Q But what kinds of requests by you would provoke that kind of comment?

A You see, sir, again I did not come up and say give me this or give me that or do this for me. I don't remember. I just explained our situation, our problems, our quest, ~~and~~ there are many ways to skin a cat, like you say, and there are many ways people have of expressing themselves. And I have never been one to go and extend a hand and say ~~give me~~, give me.

So maybe the way I talked, I don't know if you can gather anything about me by the way I talk here. I mean, I try to cooperate. I try to tell you the truth as I remember it. I will not say something I don't remember or that I cannot recall as a fact. But each one has a way of

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expression. Maybe because my father was a writer I tend to go off.

Q Do you remember any kind of statement you made that led him to say I'm on the edge?

A Maybe any kind of a statement he said. Right this very minute I'm not able to.

Q Do you recall at all in the end of 1984 that [REDACTED] -- had stated that it would not go forward with the arms sale that had been arranged for you?

A There were difficulties involved.

Q Do you remember what those difficulties were?

A No.

Q Do you remember that the shipment was supposed to be to [REDACTED] did not want to send any weapons to [REDACTED]

A There was something about [REDACTED] The ship did come [REDACTED] and everything was shipped [REDACTED]

Q But do you know who arranged to overcome those obstacles?

A No, sir. I only dealt with General Secord on that. I remember that there were delays and I remember some talk with General Secord about the end users. The end users were necessary only for a few of the items, and I don't

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know, I don't recall if he did provide end users from some other place because [REDACTED] weren't, or if the ship had to go to another place or was routed to another place and then diverted. I don't remember that.

Q Do you remember being asked to pledge to recognize [REDACTED] if you gained power in Nicaragua?

A No. I wouldn't have done it. I don't remember. I mean, I'll tell you one thing. If it takes an offer like that, you know, a political offer which one not necessarily has to comply --

Q You would have done it?

A It does represent something for us. I mean, then, you know, politicians make lots of offers.

(Laughter.)

MR. PORTUONDO: Present company excepted.

MR. LIMAN: Let the record reflect that there's no comment.

SENATOR HEFLIN: You're speaking of the Executive Branch.

(Laughter.)

BY MR. LIMAN: (Resuming)

Q Did General Singlaub ever arrange any meetings for you with [REDACTED] to get arms?

A I never met any [REDACTED] I met [REDACTED]

[REDACTED] I forgot to tell you before, when I talked

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the launch

A I think it was more. I think it was \$25,000. And so I went [REDACTED] you know, to see what this thing was. I was [REDACTED]

Q What happened [REDACTED]?

A Well, I didn't see anyone. The one who had offered it to this other officer of the FDN was away.

Q So nothing came out of that trip?

A No. I mean, I made a deal with [REDACTED]

Q Who?

A [REDACTED] that we were going to buy stuff [REDACTED] and he was going to supply some of it, and some of it would come from the government manufacturing plant there. And I even sent some money to [REDACTED]

Q In [REDACTED]

A No, in [REDACTED] But then the whole thing fell through and so I didn't buy anything from [REDACTED]

Q Did you get your money back?

A Oh, yeah. We ordered the money -- we didn't get it back, but we ordered that the money [REDACTED] had received be sent to another Swiss bank for a Second payment.

Q How much money did you send to the [REDACTED] accounts?

A I don't know if it was \$600,000 or \$300,000.

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Q Do you remember when that was?

A That was in December.

Q December of '84?

A Yeah.

Q And who introduced you to [REDACTED]

A When I came here --

Q He was in [REDACTED]?

A He was in [REDACTED]. This FDN man had already made all those visits.

Q How does he spell his name?

A [REDACTED]

Q And what nationality is he?

A [REDACTED]

Q Now do you recall discussing with Oliver North any of the problems in trying to get blowpipes [REDACTED]?

A I told him about the trip. I told him about [REDACTED] [REDACTED] had offered. As I told you before, I used to tell him everything, so I told him about this.

Q Do you recall any discussion with him about the fact that [REDACTED] needed to get the permission of the British in order to supply the blowpipes?

A Oh, yes.

Q Did you ask him to see whether or not he could get you permission from the British to buy the blowpipes?

A Well, I don't know how I put it, but I remember

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asking him what could be done about that.

Q And what did he tell you?

A We'll see or we'll try, or, you know, we'll try. We'll do something -- something like that.

Q Was there anyone else in the United States Government to whom you reported the way you reported to Oliver North?

A No.

Q Why was it that you were reporting to Oliver North?

A Because he was the one, he was the man with whom we could talk. I mean, there was no one else that we could talk to in the government the way we could talk, freely and feel good about it.

Q Because he was sympathetic?

A He was sympathetic and he was open to listening to us and he always seemed to have time for us. And I didn't know anyone else besides.

Q Did you deal with [REDACTED] at all?

A That began in -- I don't remember. His name is [REDACTED] to us. And I didn't feel the same response.

[REDACTED]

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[REDACTED]

Q Did he ever provide you with any assistance,

[REDACTED]

A No. He was very, very -- how would I say?

Q Wavering?

A No. You know when something's going to hit you you go like that --

Q Evasive?

A Yeah, that's the word -- evasive. I didn't feel that talking to him would get us anyplace. But here again he was more interested in knowing everything we were doing but more for his information, I could tell, rather than for using that for us, you see.

Q What about Elliott Abrams? Did you have contact with him?

A I don't remember when my first contact with Abrams was. According to the press, he's not my friend. But I don't remember when we began dealing with him. I met him a few times and our meetings had to do more with the international diplomatic aspect of things. It was always group meetings. Well, I had a meeting with him, the only meeting was in January, I believe, or February I met alone with him one day.

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Q Let's move to another subject. Do you remember anything about a ship called the Monimbo?

A Is that the one we were supposed to blow up on the high seas?

Q Or at least seize.

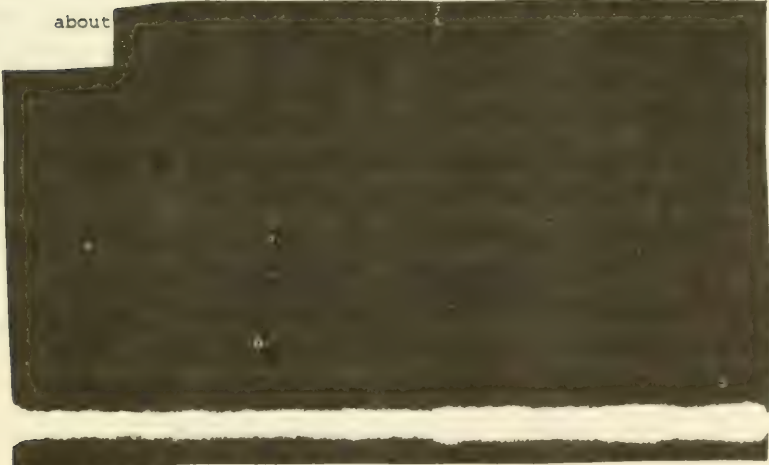
A I read about that. To tell you the truth, sir, I don't remember speaking about.

Q Do you remember any ship that was coming from Taiwan with Iranian armaments to be delivered to the Sandinistas?

A No.

Q Did Oliver North --

A What I told Oliver North -- what we were talking about



Q Oliver North didn't ask you whether or not you'd

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be willing to put up the money for an operation to seize a shipment of arms from Taiwan?

A I don't recall. One time we were offered -- I will tell you why I have problems and you will laugh at this one, too. One time a fellow from Malta who lives in California someplace came to me here in Washington with a proposal for me to send 300 of our men to take over Malta and that he would give me \$50 million after the operation. So you hear all sorts.

Q I'm going to show you some [REDACTED] end user certificates and ask you if you've seen them before. Would you mark these as the next exhibit?

(The document referred to was marked Calero Exhibit Number 6 for identification.)

A I don't remember exactly these, but I have seen -

Q You have seen end user certificates [REDACTED]
end user certificates?

A Yes.

Q Did you ever give Oliver North copies of [REDACTED] end user certificates?

A I don't remember. I remember sending end user certificates to General Secord.

Q In Virginia?

A In Virginia.

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Q And what were the circumstances of sending end user certificates?

A To cover shipments of weapons and I believe I sent some directly [REDACTED] I believe I did.

Q Do you recall in June of 1985, which is after your last sealift from Secord, having a meeting with Secord and Tom Clines in Oliver North's office? Did you ever meet Clines?

A I met Clines, but my recollection of meeting Clines is at the time between the airlifts and the sealifts, but my recollection of meeting Clines is at the hotel Carlton with Secord. That's my --

Q What do you recall talking about with Clines?

A He was apparently, to me apparently was Secord's man over there, you know.

Q In Europe?

A In Europe, yes. And we didn't talk --

Q Did he tell you that Clines was the person who had helped to arrange the purchase of the weapons that you were getting from [REDACTED]?

A That was his associate, his something-or-other. I did not have very much to do and I don't remember if I met Clines again or not.

Q You have no recollection of a meeting in the office of Oliver North?

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A No, sir.

Q With Clines?

A I have no recollection of meeting and I believe -- I mean, I was asked that question before.

Q You were asked that at the Independent Counsel's office?

A At the Independent Counsel, and I said I remembered seeing -- that I did not remember seeing Secord at North's office, but I did remember seeing Secord and North in the CNP meeting in Palm Beach.

Q A CNP meeting?

A The Council for National Policy meeting -- the CNP -- in Palm Beach.

Q When was that?

A I don't remember. I have been to about six of those meetings, you see. It was maybe two years ago -- maybe a year and a half ago. I don't remember, sir.

Q You probably have been asked this by the Independent Counsel, too, because you've been through this now several times. Do you recall in November of 1985 being told by Oliver North that an airlift of ammunition was going to be delayed because Secord's planes were engaged in other activities?

A I've been asked that question before, and I've said no, I don't remember. I've read about that. I've read

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about it.

Q You saw it in the Tower report?

A I saw it in the newspaper. I haven't read the Tower report. I haven't got a copy of it yet. Maybe I can pick one up here. I read about that, but I don't remember because we weren't getting anything else.

Q At that point, in November of 1985, as far as you were concerned, you had your stockpile of weapons and ammunition?

A Yeah, and we weren't getting anything else.

Q You had no money to buy any more.

A Um-hum. The only thing that was concerning me in November of '85 was the famous ground-to-air missiles. That's all I felt we needed to be able to carry on.

Q Did North ever tell you that Secord had bought a ship for the Contras?

A No.

Q Did he ever tell you that he had bought four planes for the Contras?

A I remember telling North about the small planes that we got. I don't remember if there were three. And then I remember seeing the CBS movie or newscast. It showed Secord as being the one who bought them, and I remember then talking to General Singlaub about the small planes, and we weren't very happy about the small planes because, you know,

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they were very weak things.

Q Who paid for the planes?

A I don't know, sir.

Q Well, you had an impression that these planes belonged to you; am I correct -- to the FDN?

A Those planes were delivered. I never received them, of course.

Q But they were delivered; am I correct?

A They were delivered by the son of Mr. Mall, who has his manufacturing plant.

Q And where were they delivered?

A They were delivered -- as far as I know, they were delivered [REDACTED] but I don't know exactly in which location.

Q And was that in 1986 or 1985?

A I don't remember, sir.

Q Do you remember that you didn't pay for those planes?

A I remember that we didn't pay, and it was just, you know, a private donation.

Q And you thought that these planes had been donated to your cause, correct?

A Donated to our cause, yes.

Q And later you were told by someone that these planes belonged to Secord?

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A No, no. I saw in a newscast. They say that he had purchased them, that he had purchased at least one or two of them.

Q But do you remember any argument about whether he could take those planes back?

A No, no. I never had any argument.

Q What was your conversation with Singlaub?

A Well, General Singlaub said that those weren't the best planes for what we wanted them, you know, that they were not very sturdy.

Q Did you ever discuss those planes with North?

A I told him -- when they arrived I told him that those planes had arrived, and he said, okay, fine. But I don't remember any conversation. They were very cheap planes to begin with. I mean, they were no big deal.

Q Was there a C-123 also that was delivered?

A No. The C-123, what I heard was in connection with this air resupply operation that began in April of 1986, April '86 -- the Hasenfus operation.

Q And that's when you heard of it?

A Yeah, because I was traveling a lot and I never dealt with Cooper.

Q And who did you understand was paying for that Cooper operation?

A A private group. That's what I was told.

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Q And who told you that?

A Colonel North told me a private group.

Q Did you ever hear them referred to as private benefactors?

A Well, maybe private benefactors.

Q Did you ever hear the term "Project Democracy"?

A No, I never heard the term.

Q Did you ever hear the term "Udall Corporation"?

A No, sir. I've read about those things afterwards.

Q Was there any delivery in 1986 to the FDN from [REDACTED]

A No, sir.

Q Did anyone ever tell you that there was a shipment of ammunition and weapons from [REDACTED] that was going to be delivered in 1986?

A No, sir.

Q Mr. Calero, I will tell you that there are references in various things that have been written by Colonel North to this private supply network. I'll read you something now: There are several million rounds of most types of ammo now on hand and more than \$3 million worth on the day by ship from [REDACTED] Critically-needed items are being flown in from Europe to the expanded warehouse facility at [REDACTED] Boots, uniforms, ponchos, et cetera are being purchased locally and Calero will receive \$500,000

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for food purchases by the end of the week.

A We received one time \$500,000, but that was in -- you have the record. Intel. In [REDACTED] there was a warehouse. I haven't been to [REDACTED] in --

Q Who was paying for what was being shipped there?

A The NHAO. You see, [REDACTED] toward the end of '85, was it --

Q Are you talking about when [REDACTED] was not willing to accept any more direct shipments?

A Yes. So a lot of stuff went to [REDACTED]. And I know -- I think NHAO paid for a warehouse in [REDACTED].

Q But that would be for boots and not for weapons.

A I don't know about it. I know that some shipments went to [REDACTED] but, I mean, I have no check on that. I have no record of that.

Q As you sit here today can you think of any conversation in which you were told that General Secord was now going to take over the supply of weapons for your organization and that you were no longer going to handle the purchases?

A No, sir. I was never told that, and if that was in some people's mentality or mind, I mean, I was not told that.

Q Mr. Calero, are you aware in 1986 of any purchases of weapons or other equipment for your organization or for

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UNO by General Secord or his organization amounting to about \$30 million?

A Sir, I could tell you that I couldn't be aware of a small purchase, but a purchase like that I would definitely have to be aware, and I am not absolutely aware of any such purchase having been done or any such purchase having been consulted with me.

Q In 1986 what was it costing a month to maintain your forces?

A It reached real heights on account that our forces came out of Nicaragua and was over \$1 million a month -- way over.

Q \$1.5 million?

A \$1 million-something. I can check it.

Q Where was that money coming from? Was that NHAO money?

A Well, the NHAO money went from July -- the NHAO money began -- no, it went from September '85 to more or less -- it extended. There were some payments into -- there were small payments even in July or June-July of '86. We ran up a debt of \$1.9 million, almost \$2 million between July of '86 and November -- July and October, when the \$100 million -- the last week of October the \$100 million began to operate.

We still have that debt. And then we picked up

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some money, where it came from, from --

Q Miller?

A Miller, yes. Channel Miller associated things. And that's how we kept alive. And then we had made a differential, a profit on a differential exchange, an exchange rate differential, which we reported to the NHAO, and which is reported and accounted for.

Q Mr. Calero, were you consulted about whether or not \$27 million was what was needed for this humanitarian relief project?

A I don't remember.

Q You don't know whether or not that figure was derived from discussions with you?

A I don't remember how it was arrived at, no.

Q Were you able to spend the full \$27 million?

A Well, we did not spend it all, of course, but that was ~~by~~ by -- I mean, mostly in reality it was managed by the Nicaraguan Humanitarian Assistance Office. We would receive the stuff and they would pay for it either through brokers, for those who didn't have dollar accounts in the States, or directly to suppliers who had accounts in the United States.

Q Was that money sufficient to meet the maintenance needs apart from weapons or ammunition of the organization until the summer of 1986?

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A Yes. The quality of the food was greatly improved.

Q So you weren't in a position, as I understand it, in the winter of 1986 of saying we don't have money to feed our troops?

A Oh, yeah. I was in the position, yes, because the NHAO money was ending and we didn't know where or when.

Q But that would be after that money, but during the period that you were getting it you were able to feed your troops?

A Oh, yeah.

Q Now you were saying that you will need money after that money is going to stop.

A But we had family support to give to our men, you see.

Q And where were you getting that money from?

A The family support came mostly from the money from Channel Miller and money that had been made on the exchange differential.

Q And was there any other source of money? Did you get any money from Secord?

A No, no.

Q And you still had ammunition and weapons left from what you had managed to squirrel away in 1985?

A Yes. And then at one time we got a \$75,000

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donation. I don't exactly know where it came from. We got \$50,000 from phone calls that I made. And that was paid to [REDACTED] and that money had been sent to Ann Scott, no, Ann Stone. And \$75,000 that checks that were made did not pass through our account, checks that were paid directly to the [REDACTED]

Q Did you ever ask the NHAO office to provide you with funds to hire Mr. Owen as a consultant?

A We sent a letter which was signed by the three directors of UNO recommending Mr. Owen.

Q What led you to do that?

A The fact that he knew our operations and he had visited with us a lot, with the Indians, with the people in the south and with us.

Q You had testified to one meeting with him when you decided not to hire the organization.

A Not to hire Gray Company. But then we felt that Owen on his own -- he left Gray and he came to me and said, you know, he could help us out and we did use him as a sort of -- he knew a lot of Congressional people. He had been a Congressional aide and he could help us in the effort of meeting with Macomb. Congressman Macomb, and around his office there was some kind of medical money available and he helped us out on that.

And he came down with Dr. Chaney and made a

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medical survey, and also we felt NHAO was getting off to a very slow start.

Q Did North recommend that you hire Owen?

A Well, we knew that Owen was a friend of North. I mean, I suspected that Owen would inform North of everything he saw down there, and apparently they were close. That was our impression. But we were not asked, that I remember. I was not asked, and I said "we" -- me and the other two men, we were not asked. I was asked by Owen himself, I remember, you know, if we would recommend him.

Q Did you ever meet Bob Earl?

A Bob Earl? The name does not --

Q Can you tell me from the time that the U.S. Government funding ended in roughly June of 1984 until September of 1986 what did Colonel North do for you?

A Would you please repeat the question?

Q During that period what did Colonel North do for the Contras? It's a broad question, but I'd like you to answer it as best you can.

A Well, I felt that he was our listening post, that he would keep other people informed as to what we were doing, what we were needing, that he was going before Congress giving briefings, that he would brief different groups, that he would further push our cause.

Q Were you looking to him for military advice?

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A No. I did not look to him for military advice.

Q Did you consider that he had raised the \$1 million a month that you received?

A I considered not necessarily for the \$1 million a month, but I considered that he was instrumental for us in speaking out for us, that he had the credibility, that he had the position, that he had the connections that a foreigner cannot come to this country and talk, but a U.S. military man or Marine who could speak well --

Q Who did you think had raised that \$24 million you received in February-March 1985?

A Sir, I didn't care really much who did.

Q I can understand that you didn't care where it came from, but who did you think had raised it?

A Even that. I mean, my objective was keeping a struggle going. I did not --

Q What would you have done if you hadn't received the \$24 million? Would you have had to close shop?

A No. We would have kept on going somehow.

Q Was the \$24 million important?

A The \$33.5 million. It was \$33.5 million that we got.

Q That was important?

A That was very important, yes.

Q And still you didn't inquire where it was coming

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from?

A No, sir.

Q Did you conclude that it was a matter of secrecy and that you shouldn't ask?

A I thought it was a matter that the less it was talked about the better, that I shouldn't even know, and then I began reading. In the back of my mind I always had this is, you know, [REDACTED] you know -- [REDACTED] and this, that and the other thing.

Q So that's where the money was?

A That's where the money was and that was my feeling.

Q But no one told you that?

A Except for General --

Q Second?

A Second talking about talking to [REDACTED]

[REDACTED] or whatever.

Q Did he ever mention which [REDACTED] he spoke to?

A Maybe he did give the name, but I don't remember.

Q [REDACTED]

A Well, I've read his name.

Q Do you know whether he mentioned that?

A No. I could not attest that he mentioned that,

[REDACTED]
took it --

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Q Let me put a question to you that we've been sort of going around. I gather you had a great deal of confidence in Singlaub.

A Yes.

Q And you believed that General Singlaub was not in this for his own personal profit.

A Yes.

Q And that General Singlaub would act in a way that would be in the best interests of your cause.

A Yes.

Q He's a person whose heart is in what he was doing.

A Yes.

Q Was one of the reasons that you were giving arms orders to Secord because you believed that Secord had raised the money for you?

A I could have had that -- I could have felt that there was somewhat of an obligation, maybe. But on the other hand, you know, this did not happen over a long period of time. It was so fast, you know.

Q But the money was fast and the orders were fast.

A Everything was fast.

Q When you gave those orders for these weapons, you didn't even have the money in hand, did you?

A The first order from [REDACTED] we talked about it in August. We didn't know how much money we had available. We

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had to wait to see if more money would come in, and that is why you see that the payment was made later, you know. It was being talked about and I would tell him -- I mean, that's what my memory more or less tells me.

I would tell him, well, let's see what we get, you know.

Q Was it a case where Secord was in effect helping to finance those purposes of arms?

A No. He didn't help finance.

Q By suggesting at least that he was going to raise the money for you?

A Well, undoubtedly it created a sort of link there, you know.

Q And not a legal obligation but a sense of moral obligation to give business to him? That's fair to say?

A Yes, or to have him do this because this is detailed here. He acted as if he wasn't making a profit.

Q Secord acted as if he wasn't making a profit?

A Yes.

Q Did he tell you he wasn't making a profit?

A Well, he detailed the freight, demurrage, insurance, this, that and the other thing.

Q That information you got from him that's on the North schedule?

A Yeah. And then, you know, I didn't put him

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against the wall and say -- because, you know, I had respect for the person -- and I didn't say you are making a profit.

Q But you had some suspicion?

A To tell you the truth, well, yes.

Q Mr. Calero, was Secord with you when you gave the information to Oliver North that is reflected in that schedule?

A No, no.

Q Because as you look at this and you see how detailed it is, isn't it clear that you had some information with you?

A Oh, yeah, I must have had. I must have had information because I had these details on a little piece of paper, I remember, in squares -- very informal, very, very informal -- because I never got any invoices or anything.

Q Where did you get that information?

A From Secord.

Q From Secord?

A Yes. And I must have had that. This information here was from memory, but this was detailed. And this was an estimate, the miscellaneous.

MR. BALEN: When you say "this", that's not going to be reflected on the record. Which was the information from Secord?

THE WITNESS: The airlift number one, the airlift

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number two, the sealift number one, and the sealift number two. This one doesn't even have prices. He had a deposit that had already been paid in rounded figures, as you can see, the \$5 million, and then the estimated cost was \$6 million. It came to \$7 million or something.

BY MR. LIMAN: (Resuming)

Q Was the way in which you worked with Secord, was that you would give him the deposit of \$5 million and he would supply \$5 million worth of weapons, ammunition, and bill you for whatever it was, so that if it turned out to be \$6 million you would pay \$6 million, and if it was \$5.5 million you would have paid \$5.5 million?

A Yes.

Q So that you were really relying on him to act in good faith in purchasing this equipment for you; isn't that fair to say? I mean, there's no getting around that. You weren't an expert in this.

A It is ~~fact~~ ^{acting} ~~that~~ that I was relying on the fact that he was ^{acting} in good faith, ~~yes~~.

Q And in fact, you know, he told you that apart from using his ~~expertise~~ in getting you these weapons he was helping you to raise the money to pay for them?

A Yes. He said that, yes.

~~Q~~ And yet -- and this puzzles me -- yet even though he is raising this money for you, you felt more comfortable

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dealing with General Singlaub.

A Well, I mean it's a matter of personalities, of course.

Q Did you ever show General Singlaub what the prices were that Secord was charging?

A I might have told him.

Q That would have been a natural thing, correct?

A I might have told General Singlaub, yes.

Q Given the confidence you had in General Singlaub it would have been natural to show this to him. Do you remember any comments he made?

A I told you before that he thought that Secord was making money on this.

Q Did you ever report that to North?

A I don't think I did because this was a comment. You know, it was gossip.

Q What was the reason that you gave this schedule to North?

A We would inform him, as I told you before. I would tell him everything -- what we were doing, how we were doing, what we were buying, what we had. I mean, I would inform him of everything -- what our situation was.

Q That's what you did, but why?

A I felt that he was our --

Q Liaison with the government?

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A Our liaison with this whole world, you know. If we didn't tell him, we didn't have anyone else to tell that to.

MR. LIMAN: Can we take a break, and then I think I'm probably done.

(A brief recess was taken.)

BY MR. LIMAN: (Resuming)

Q I have some just names which come out of your accounts. First, there was a deposit that was put in the account, two of them, one on 10/23/85, the next on 10/25/85 of \$200,000 -- \$25,000 on one day, \$175,000 on another, totalling \$200,000 -- from Lake Resources. Do you know what that was for?

A Well, that was for our use.

Q Was that a refund for some purchases you made?

A No, no.

Q What were the circumstances under which that was transmitted to you?

A The circumstances were that we were receiving money, that we needed money. We were in need of money at the time.

Q Because that was after Congress had appropriated \$27 million.

A Yes. The NHAO did not pay our logistic expenses, many of our family support for our fighters, because that

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was connected with --

Q The military?

A The military. And then our air operation.

Q Who did you ask to give money on behalf of Lake?

A To begin with, I found out that that money had come from Lake.

Q When did you find that out?

A Well, he found it out and told me.

Q Just recently?

A Yeah.

Q Did you know that General Secord had arranged for this \$200,000 contribution?

A (Nods in the negative.)

Q Did you ever meet a man by the name of Hakim?

A No, sir. I never met Hakim.

Q Did you ever hear of Lake Resources?

A Never heard of Lake Resources until I saw it published in the paper and then it was he --

Q Your lawyer?

A My lawyer, yes, that went through the bank records, which he did before I did, and told me that that had come from Lake Resources and that was the company that had been named in the paper that day.

Q But had you at the time that the \$200,000 was received, did you know that \$200,000 was deposited? Did you

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get a notification that you had received \$200,000?

A Yes.

Q Did you have any information as to where it came from?

A My impression was that it had come from Channel associated companies. I would talk to Rich Miller. At one point I was talking to Channel, and I worked. I mean, I felt that whatever money the Channel organization would give me, we had earned it, because I talked in three or four different occasions to people, to potential donors, who Channel had gathered. So I felt all the right to ask Miller and Channel himself, and I told him myself many times and even wrote a letter to Channel saying, you know, that we needed money for that.

Our family support came to about \$175,000 a month, so that was a lot of money that was not covered by the NHAO.

Q And that money was being paid out of the accounts that you maintained?

A Out of the accounts that we maintained, yes, plus the earnings out of --

Q Out of your currency?

A Out of the currency, yes.

Q We noted that the account reflected payments to a company called [REDACTED]

A [REDACTED] is a broker.

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Q Money broker?

A Money broker, yes.

Q So that was to change dollars into local currency?

A Yes.

Q And is the same true of [REDACTED]?

A Yes, sir.

Q What about M&S Supplies? What was that?

A M&S Supply was boots and uniforms. They are the companies that sell surplus materials and things like that.

Q And RM Equipment?

A R&M Equipment is weapons and ammunition. That's -- the last payment that I made for those rifles, rather than Gretsch World they asked me to make it to R&M Equipment, since through them was the deal. I made it and I found since, you know, when I asked him why was that -- I didn't ask at the time -- they said well, it was their commission or something.

Q And [REDACTED]?

A [REDACTED] That's in [REDACTED] We used to have a political situation in [REDACTED] and they also purchased some [REDACTED] there for us at times, and we used to keep that. Let's see, he was a sort of broker in the sense that he purchased. He used to take care of expenses that we had in [REDACTED]

Q He was an agent?

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A He was an agent of ours, yes.

Q And Hondu?

A Hondu Carib?

Q Yes.

A Hondu Carib is a transport company that transported for quite a while merchandise that we got and we purchased in the States and took down to [REDACTED]

Q And Bibbins and Rice?

A Bibbins and Rice is another one of these surplus web gear and boots.

Q Front Line?

A Front Line is the same.

Q DIACSA?

A Those were the transfers. We made intra-account transfers.

Q And Genesco?

A Genesco is a boot manufacturer in Tennessee.

Q That's right. Forest Surplus?

A Fowler?

Q Forest.

A Forest, another one of these suppliers of surplus.

Q And ONYX Aviation?

A ONYX Aviation. We bought a plane one time there.

\$65,000?

Q Yes, you've got a good memory.

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A Well, I've been looking at those things.

Q

A [REDACTED] is an account for [REDACTED] who also did [REDACTED] work for us [REDACTED] in his firm.

At one point we wanted to build up a force. A lot of people [REDACTED] were asking us that we take care of it because Pastora was crazy and there was nothing going to happen over there if we didn't. So we started to.

Q ODOM Aircraft?

A ODOM, they sent parts.

Q And then there was a payment that we weren't able to identify that went to the World Bank of Canada for \$432,000.

A The World Bank? That was a Second payment. That's sealift number one.

Q That's sealift number one?

A Yeah. When was that? That was late fall.

MR. ZANARDI: 11/6/84.

THE WITNESS: That's a Second.

BY MR. LIMAN: (Resuming)

Q And would the same be true of that \$326,590 payment?

MR. ZANARDI: That went to a Swiss corporation, a Swiss bank.

THE WITNESS: That's the one that I believe is the

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one that went first to [REDACTED] and then [REDACTED] transferred it.

BY MR. LIMAN: (Resuming)

Q To Second?

A To Second, yes, because we didn't want the money to come back. So we ordered that. That must have been in January?

MR. ZANARDI: December 24.

THE WITNESS: If it's December, no, it's not the [REDACTED] thing. The [REDACTED] thing would have been in January, a similar \$300,000-something, a similar amount.

BY MR. LIMAN: (Resuming)

Q Did you ever deal with any Canadian arms dealers?

A No. No, sir. We had these three main --

Q Martin, Second --

A Martin, Second and Singlaub. We never had any direct dealing with --

Q Do you remember whether Mr. Livingston was the Canadian? You remember I referred to Livingston.

A The name really is blank for me.

Q Did you ever meet a man by the name of Olmstead, with one eye?

A (Nods in the negative.)

Q You testified this morning that because of the publicity that surrounded General Singlaub that Lieutenant

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Colonel North had indicated to you that he was uncomfortable.

A No. I think -- well, it might have been both. Both North and Singlaub told me that on account of -- that's a recollection; it's an idea, maybe -- that it was best for him not to see --

Q To see General Singlaub?

A Yeah, for General Singlaub to keep away.

Q From Lieutenant Colonel North?

A Yeah.

Q Did Colonel North ever indicate to you any displeasure at the fact that you had done business with Singlaub?

A No, sir. No, sir. The only comment that I remember was that of General Secord's that said that that was not going to go through, you know, that that was going to fall.

Q Because the price was too good?

A ~~So~~ low, yeah.

Q Did you ever meet Dutton?

A Dutton? I've been asked that question before and another one.

Q Gadd?

A Gadd.

Q Do you have ~~any~~ recollection of meeting either of

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them?

A One time I met someone whose name I do not remember, who offered me airplanes.

Q To buy?

A To buy airplanes or to lease -- buy or lease airplanes.

Q Did you have money at that time?

A No. So nothing came of it. And then at one time, at the NHAO office, I met a man who had planes, who did something for NHAO and who seemed very familiar with Central America, but whose name I do not recall. It could have been Gadd, could have been Dutton, could have been someone else, too.

Q There were a number of payments that you made to

A One time -- those were for uniforms, for ammunition. One was for ammunition, \$155,000, I think it was. Another one was for uniforms. And then I sent money to [REDACTED] and one time we paid for some ammunition [REDACTED]

So we also paid.

Q Did you ever pay any money to Lieutenant Colonel North?

A Pay him any money?

Q Yes.

A Well, I gave him some money, yes.

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Q When was that?

A I don't remember when. I've never been asked that question until now, when you bring it up. I gave him money for some trips that he had to make or some people had to make, but I don't remember exactly when.

Q How much?

A I would have to check that. It could have been \$40,000.

Q And was it in cash?

A No, in travelers checks.

Q Travelers checks?

A Yes.

Q And how would you check when you paid that to him?

A How what?

Q How would you check when you gave him that?

A How would I check? I would look for -- when I gave it?

Q Yes.

A I would look for a piece of paper where I put down those things.

Q ~~Would~~ you do that and communicate with us? Do you remember where it was you handed it to him?

A In his office.

Q Was it on one occasion?

~~A~~ No. It was on different occasions.

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Q How many occasions?

A Maybe four, way back. That could have been in '85.

Q Did he tell you what it was for?

A Something connected with hostages.

Q What did he say?

A That that was going to be used in connection with the hostages, because the United States Government could not, you know, couldn't do anything like that.

Q Was he talking about the hostages that were taken in Lebanon?

A Yes, yes. Those hostages, yes.

Q Did you know he was working on that project?

A Pardon?

Q Did you know he was working on the project for the freedom --

A Oh, yes. I mean, he was -- he mentioned the hostages and he said that that was going to be used for people to travel in relation with the release of the hostages, yes.

Q Did you ever give any money to any other employee of the United States Government?

A No.

Q Would you please check those records as soon as possible and let us know?

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I don't have any other questions.

A I think I could do that.

Q Today or tomorrow?

A No.

MR. PORTUONDO: We don't get back until 11:00. I know you are anxious.

MR. LIMAN: I had forgotten he doesn't keep his records here. I've not dealt with any real person, but, by the way, I define a real person as a person who lives outside of the Beltway.

THE WITNESS: I believe that paper, that's [REDACTED]
[REDACTED] I believe.

MR. LIMAN: Why don't you ask the question?

MR. PARRY: Why did you use six different accounts for receiving the private donations?

THE WITNESS: I've been asked that before. To begin with, businessmen always have various accounts. In our case, it was necessary to have various accounts because we had to be very careful to not put all the eggs in one basket. That was a lot of money that was in consideration, so it was better to have it spread over banks.

And if you will see there were a lot of transfers.

You know, one time we heard that [REDACTED] was not -- it's not a very big bank, so we felt okay, then better we transfer money from [REDACTED] to another account. So another account was

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opened. And then we would transfer back to [REDACTED] back to the [REDACTED] because [REDACTED] were where our men had the most access to. And then we also thought it was necessary to have accounts in banks [REDACTED].

And an account of ours [REDACTED] was closed on account of a letter that was sent by one who sent \$30. We never knew where he got that account number, and he said "for the Nicaraguan freedom fighters", and then it was closed down.

But it's usually for businessmen to have, but that was the reason. We never had a bank account in Switzerland.

MR. LIMAN: Paul, do you have any questions? Lou, any questions?

MR. BALEN: Yes, I have some I'd like to ask you.

EXAMINATION ON BEHALF OF THE HOUSE COMMITTEE

BY MR. BALEN:

Q I want to focus your attention in March of 1985. Did you ever at Colonel North's direction deposit money into [REDACTED] account?

A No. I never did deposit any money into [REDACTED] account.

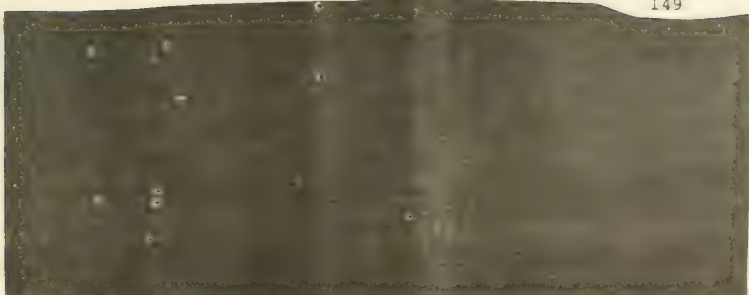
Q Did Colonel North at any time ask you to deposit money into [REDACTED] account?

A No, he didn't ask me to deposit [REDACTED]

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So it was dropped.

Q So you never in fact -- no money was ever in fact given to you for that purpose?

A No money from us went direct to [REDACTED]

Q Did it go indirectly?

A That I cannot -- I mean, now that you ask that question, I mean, this is supposition, this is speculation on my part. Could it have been that the money that I gave to North -- did he --

[REDACTED] Well, he told you that money was going for hostages, right?

THE WITNESS: Yes.

BY MR. BALLEEN: (Resuming)

Q But he asked you for that money -- North asked for the money?

A If I could make some money available because there were some trips to be taken by some people in connection with the hostages. And my answer was, you know, this money

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is not mine. The money belongs to freedom, you know, for whatever it can do for freedom.

Q And did he tell you how much he needed?

A I have to look at these records. I remember one time it was \$15,000 and \$10,000. It must have come to \$50,000, something around that amount.

MR. LIMAN: That's what you're going to get the record for.

THE WITNESS: What I have, yes.

BY MR. BALLEEN: (Resuming)

Q What made you associate in your mind that that had to do with [REDACTED]

A Well, now your question.

MR. LIMAN: He didn't associate it in his mind. He put the question of whether there was something that was indirectly for [REDACTED]

THE WITNESS: So it came to me. You see, you asked me a question that brought in my mind an association.

BY MR. BALLEEN: (Resuming)

Q Now you talked about [REDACTED] Did [REDACTED] - those were broker fees for what?

A No, no. He was a broker.

Q A currency broker? [REDACTED]

Yes. I would order a deposit to be made in [REDACTED] account in the United States, and [REDACTED]

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[REDACTED] would in turn give local currency to our men [REDACTED]

Q Did [REDACTED] was he involved in any of the NHAO --

A [REDACTED] was used as a broker also by the NHAO people.

Q And the money made on the currency transactions from [REDACTED] would any of it go directly back to you, or did all of that currency transaction go back to NHAO?

A No, it went to us. It went to us, but we reported it to NHAO.

Q And did you have authority to spend that in any way you saw fit?

A No. I even signed a letter saying that that money was going to be -- because we informed NHAO that we were making this exchange differential, so we wrote a letter saying that that money -- I signed it -- it was going to be used exclusively for the same humanitarian. It wasn't going to be used for military purposes.

Q Mr. Calero, do you know a man by the name of Rafael ^{QUINTERO} ~~Cantero~~?

A I know Rafael ^{QUINTERO} ~~Cantero~~, yes.

Q How do you know him? In what context?

A Well, I met him in connection with -- I don't know

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if I met him before or if he had been introduced to me before in Miami, but I met him in connection with -- my formal recollection is meeting him in connection with Secord and he traveled [REDACTED] for Secord.

Q When do you recall that occurring?

A When?

Q Yes.

A When did I? Sometime in '84.

Q And when you met him in 1984 it was with General Secord?

A Well, my recollection is of meeting him with General Secord, yes.

Q Was anyone else present at that time?

A No.

Q And what were the circumstances of your meeting?

A The acquisition of weapons, and then ^{Quintero} ~~Cantero~~ was sent [REDACTED] to determine what our needs were with our military men down there.

Q And which military men do you know that he might have met with?

A ^{Quintero} ~~Cantero~~? He must have met with Bermudez and others there, you know -- the logistic and different people.

Q And this would be in 1984?

A '84 or '85.

Q So the purpose of his going to meet with the

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military men was to determine precisely what the needs were?

A To meet them and what our needs were, yes.

Q Did you have any subsequent conversations with
Quintero ~~Gantero~~ after meeting him that time?

A Oh, yeah. I saw him once in a while. I would say yes.

Q Under what circumstances would you see ~~him~~?

A ~~With~~ relations to what he was doing, you know, the work that he was doing.

Q Which was?

A Which was drawing up these lists and he would maybe bring information as to the state of the shipment and all of that. And then we made an estimate -- he made an estimate -- but I don't recall the dates.

Q He made what kind of an estimate?

A Estimate for our needs.

Q Did he do this on more than one occasion?

A Yeah. I don't remember exactly when he went down.

Q Was his estimate of your needs, did that correspond to what you feel your needs were?

A He did it with our military men, you see.

Q Did you review those lists that he drew up or not?

A I saw them, yes. Of course, the estimates -- what I'm trying to think of is if there was an estimate made after the purchase. You see, that's what I'm trying to

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determine. It could have been so.

Q In other words, there could have been more than one estimate that he made?

A Yeah. But what I'm trying to determine is if there was an estimate after the second sealift, which I don't remember exactly.

Q And the second sealift, that was the last delivery from Second?

A That was the last delivery. Well, the sealift, yes, but remember that I had said before that there were some thing which were short-shipped.

Q Did you ever receive the things that were short-shipped?

A Yes. I don't know when they came, but I asked if they had arrived and I was told yes, that they had arrived.

Q Were you ever aware of any arms being delivered to [REDACTED] for the FDN?

A No, except -- well, what was short-shipped went to [REDACTED]

Q Do you recall -- you said you didn't recall. Would that have been sometime after the second sealift?

A It was after, definitely, because they were short-shipped.

Q So it would have been either in the summer of '85 or later?

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A No, no, in the fall.

Q The fall of '85?

A In the fall of '85.

Q And how large a shipment was that that was short-shipped? What are we talking about in terms of arms, to the best of your recollection?

A Some [REDACTED] 40 millimeter grenades and some C-4, maybe.

Q Do you have any idea what the value of the shipment was approximately?

A No, no, because it had been paid before.

Q Are you aware of any other munitions or armaments that were shipped and stored at [REDACTED]?

A No, because we didn't buy any. I mean, I was aware that those grenades and the C-4 and maybe another little thing, but very, very minor, I would say, compared to what we had purchased, some [REDACTED] later date. And they did come, because I was told they had arrived.

Q Who told you?

A Our logistics people. I asked the logistic people if they had arrived and they said yes.

Q Well, you testified earlier that the air resupply was delivering weapons from [REDACTED] and [REDACTED] into Nicaragua. Is that correct?

A The air resupply was delivering weapons from our

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warehouse [REDACTED] into Nicaragua, yes, by way [REDACTED]

Q Would that be from [REDACTED]?

A From [REDACTED] but I'm talking out of, you know, very scant information which to me did not matter, you know.

Q But that's what I want to inquire into. If they were delivering your weapons out of [REDACTED] why were they also going to [REDACTED]?

A That was on account of the flight pattern. The flight pattern was [REDACTED] and these people had all their operations and all their people, they had everything in [REDACTED]. They had nothing in [REDACTED].

Q Were you aware of the fact that they were taking weapons stored at [REDACTED] into [REDACTED] for FDN use?

A No. They brought in what was ours. That's the information I had. They brought in what was ours, what we had purchased. But as to new weapons there, I was not aware.

Q Do you know a man by the name of Felix Rodriguez?

A Oh, yeah.

Q And when did you first meet him?

A I don't remember. He came to visit me after he stopped. I was introduced to him by another Cuban-American and he came to visit me when he stopped a shipment of two

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fast boats out of the United States to the Sandinista government on account of a law that he was familiar with, and he brought it up to the Customs to stop the shipment of those boats.

And then we developed a friendship. I was in

[REDACTED] one time with him [REDACTED]

And then he promised to come to [REDACTED] to help us, but he fell in love with -- he told me he was going to Salvador for a while to help the Salvadoreans and then he would come to us. And he just became absolutely taken by the Salvadorean work he was doing and never came to us.

Q Why did he stop the shipment of the boats?

A Why? Because he thought that those boats were going to be used for military purposes by the Sandinista government and they have some technical qualifications that made it possible under the law not to be shipped to the Sandinista government.

Q These were boats that were destined for the Sandinistas?

A Boats that had been purchased by the Sandinista agent here in this country.

MR. LIMAN: Allegedly as pleasure boats.

THE WITNESS: Yeah, as pleasure boats.

MR. LIMAN: But they could be used for military purposes.

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THE WITNESS: But they had some technical things there that could be used for military purposes. I have described him as a freelancer for democracy, this man Felix Rodriguez. He had something to do with Che Guevarra. I met him in [REDACTED] one time when I went to [REDACTED] with this same [REDACTED] who was going to help us -- I mean [REDACTED] excuse me, not [REDACTED] -- a [REDACTED]

BY MR. BALEN: (Resuming)

Q Did he provide any direct assistance to you, though, in your effort?

A No, no. He was going to. He was going to provide direct assistance. He offered to participate personally and everything but, as I say, he stayed in Salvador.

Q You are not aware, then, of any efforts he might have made in El Salvador in your behalf?

A Well, I have read about it afterwards, you know, that he became involved.

Q Are you personally aware [REDACTED]?

A No. Personally aware, no. He told me to visit him in Salvador and he told me that he was using the name Max Gomez and he gave me his phone number in Salvador, but I have never had the opportunity to visit with him in Salvador, which is just as well.

Q How about a man associated with him by the name of

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Ramon Medina?

A No. I never met Ramon Medina.

Q Did you ever have any dealings with [REDACTED]
[REDACTED]

A I know [REDACTED] I've talked to him about maybe three times. He's been very, very much sympathetic to our cause, always ready to help. But most of the contact with [REDACTED] has been by [REDACTED] not by me. I have met him twice, three times. One time I saw him in Miami.

Q Were you aware of any efforts he was making in terms of the air resupply of weapons to you either personally or through your commanders?

A I don't think I ever discussed what he was doing, but [REDACTED] is a man who we could assume that if he was there and there was something going on, he would know about it and he would sympathize with it. I mean, that was my impression. He has been very sympathetic all the time.

Q But you are not personally aware in any way of any way he's been of assistance?

A I'm not personally aware exactly what he did or how he did it, you know, because I haven't been [REDACTED] in a very long time. The last time that I was there was on transit and one time I had to overnight on account of not being able to land [REDACTED] But I didn't see anyone. I

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went from the airport to a hotel and from the hotel to the airport.

Q You testified earlier to the meeting that was in [REDACTED] with Colonel North. Was [REDACTED] at that meeting?

A Um-um. No, no. It was only between the Americans and Nicaraguans.

Q Was there ever a meeting with Colonel North and [REDACTED] in [REDACTED]

A Not that I was present at.

Q Not when you were present?

A They must have met, but I don't recall ever meeting with them. I saw Colonel North maybe twice or maybe three times at the most in [REDACTED] -- twice. I can say that I never met with [REDACTED] and Colonel North.

Q And there was no discussion with [REDACTED] as to him being the liaison [REDACTED] for the private benefactor network, the private group?

A No, no, no.

Q That you are aware of?

A No.

Q Do you recall ever meeting in Colonel North's office with Singlaub and Secord both present?

A No. I don't remember. That's a new one. I don't remember.

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Q Let me see if I can refresh your recollection. Do you recall a meeting at the White House in the spring of 1985 with North, Secord, yourself and General Singlaub where SAM-7s were discussed, surface-to-air antiaircraft missiles?

A In the spring of 1985?

Q Well, that's a general date. Or at any time. Let me ask that question.

A At any time? I do not recall a meeting that both of them would have been present. I mean, as I say, I have a faint recollection of having been in Colonel North's office and General Secord having arrived or having been there and General Secord having arrived. To tell you the truth, I wouldn't swear to that because it's not clear in my mind. And being there with General Singlaub. I remember that one time we met the President and Singlaub was there, so we were together in the Executive Office Building, and then we went to the White House with General Secord and Colonel North.

MR. LIMAN: General Secord or Singlaub?

THE WITNESS: Singlaub. I'm sorry. I'm getting all mixed up. But I do not remember ever having attended a meeting with General Secord and General Singlaub.

BY MR. BALLEEN: (Resuming)

Q Let me refresh your recollection in a different way about the subject matter of the meeting. Do you ever remember discussing the purchase -- you talked about surface-to-air missiles, antiaircraft missiles -- where

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Secord, where General Singlaub said he believed he could get those and General Secord said something to the effect that he could provide instructors with them, instructors to operate, to teach the FDN troops?

A I remember a conversation about instructors because Secord sent an instructor when we got the SA-7s from [REDACTED] you see. He arranged for an instructor, an instructor from [REDACTED]

Q Do you recall any discussion prior to that instructor arriving with him about an instructor, that he could provide an instructor with it?

A I remember talking about an instructor with General Secord, but where I don't remember. I remember his sending an instructor and I remember the instructor being [REDACTED] I remember all of that, but I do not remember -- and the instructor gave a course to our men.

Q Do you remember ever having a conversation with General Singlaub about SA-7s and his ability to provide them to you?

A Oh, yes. Oh, yes. The price that I was telling you he told me, that price, \$160,000 for these three state-of-the-art SA-7s, the latest that had been made in the Soviet Bloc, that were immediate.

Q Do you recall ever discussing the price of those same SA-7s with General Secord as opposed to General

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Singlaub?

A I'm sorry. No, I don't. I might have. It's a possibility, but I don't recall it.

Q I'm just trying to get at if there was a difference in those two prices which one would you purchase from if there was any reason.

A Well, I didn't purchase any from either one.

Q Well, how did you get those? You said that General Secord shipped to you --

A Those were from [REDACTED] Those cost, I believe, \$47,000, if I remember correctly.

Q But you said you didn't purchase them?

A Sure. I said after that. In the sealift from [REDACTED] we got [REDACTED]

Q Is this the shipment that you discussed the instructor coming? Is this when the instructor came?

A Those came in April of '85 and then the instructor came to teach our people the use of those SA-7s that had been manufactured [REDACTED]

MR. LIMAN: And the instructor was provided by Secord?

THE WITNESS: By Secord, yes, sir.

MR. LIMAN: And the shipment was purchased from Secord?

THE WITNESS: Yes, the one that came from [REDACTED]

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BY MR. BALLENG: (Resuming)

Q Did you ever meet with Barbara Studley?

A Oh, yes. I met her through General Secord.

Q Through General Secord?

A I mean, General Singlaub, yes.

Q What were the circumstances of your meeting with her?

A Well, she helped General Singlaub. She helped General Singlaub in this acquisition of the weapons that he got for us. I think somehow she let her company name be used for that.

Q Did you give General Singlaub the bank account? Let me ask the question a different way. How were you to transfer the money for the purchase from General Singlaub?

A He gave me a bank account number where I sent the money.

Q Did you ever give him a bank account where he could deposit money that he raised?

A Oh, yes, sure.

Q What bank account did you give him? Do you recall?

A I don't recall, but I gave him -- I must have given him the first one that I ever had, and then I must have given him another one and another one so he'd have a choice.

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Q And did he, to your knowledge, deposit any monies in those bank accounts that he had raised?

A No. I believe that those \$30 came from --

Q The \$30, that would be the sum total -- \$30 million?

A No, \$30, \$30 from [REDACTED] the one that closed down our bank account [REDACTED] I mean, there's \$25,000 that could have come from General Singlaub.

Q But that's the extent of it?

A Yeah, because, you see, what he did was he acquired things. For instance, he was instrumental in buying the Lady Ellen, for instance, the helicopter. We picked up the money. He seen about people sending us down. But I have no record, no recollection or nothing of that.

We've gotten a lot of medicine, a lot of clothing and things that have been sent down to [REDACTED] and that we have given to the refugees [REDACTED] of our troops and to our troops. We give medical attention in our hospitals to the [REDACTED] population around. We take care of their children and people, and we operate on them and everything.

Q Let me ask you this. Did Singlaub^{Eden} ever call you in reference to ~~Eden~~ Pastora?

A Yeah.

Q What were the circumstances of that?

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A He went [REDACTED] at one point and talked to Pastora and gave me a list of things that Pastora needed, and he thought that it was important to get Pastora back into the picture. But then I understand that people here were upset by this situation, having General Singlaub mixed up in these things. So we never did send. We ended up by not sending anything to Pastora.

Q And that was because people here were upset about it?

A Well, yes. We heard -- Pastora was always a problem and we were upset, too, you see.

Q Who did you hear from here that was upset about the agreement with Singlaub?

A I'm trying to see how it was. We were upset by it to begin with.

Q I understand that, but who from up here did you hear from that was upset about it -- "up here" being the U.S. Government?

A I remember telling General Singlaub he should talk to the government people, that they should give an answer, and I would say that if my recollection is good, I would say that it must have been [REDACTED] the one that seemed upset about that. I would gather that, but I don't know if he ever talked to General Singlaub or not. I do not recall.

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Q Did he talk to you?

A I think. That's my recollection. We both agreed that it would be a problem.

Q And did he communicate with you not to deliver the supplies?

A I have been very respectful of the U.S. Government people and they have been very respectful of me, and we don't give each other orders, you know. We have taken their points of view into consideration and they have taken ours.

Q And what was his point of view?

A That Pastora was a problem, that Pastora was a problem, and that was my idea, too, that Pastora was a problem. And I didn't know, you know, Singlaub was going to make this arrangement with Pastora, and I didn't know about it before.

And then General Singlaub also went to a meeting. One time he went to a meeting who are called Condor Group. The Condor Group is made up of former national guardsmen, some of whom were kicked out of our organization, some of them left the organization. And he went to a meeting with them which created expectations on their part.

And these people, unknowingly to him, have been very problematic to us, to the FDN.

Q Let me just ask you one final question on Pastora.

Apart from [REDACTED] did you speak to anyone else such as

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Colonel North or Elliott Abrams about the Pastora agreement?

A When did it take place?

Q 1986.

A I could have. I don't have a clear recollection. I could have told Colonel North about it. I could have told him, but I don't remember. I don't remember talking it over with -- I have no clear recollection of talking about it with Mr. Abrams, although, you know, you talk about one thing with people who are so closely associated and it's very difficult to determine which one you said it to and which one you didn't and when and who did you tell it first to. And it's difficult.

Q Because you had discussions with all these people?

A Yeah, sure.

Q Did you or the FDN ever have any Swiss bank accounts?

A No.

Q Do you personally have any?

A No.

Q How about your brother Mario? Does he have any?

A No. He has much less. I don't have any.

Q Did you ever have to make any payments other than for supplies to [REDACTED]

A No.

Q No bribes?

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A No bribes as such, no. I paid for services for a warehouse, for people who were taking care of the warehouse, people who were loading trucks and things like that.

Q Did they ever take any of your weapons that were destined for you?

A [REDACTED] was equipped with AK-47s of ours. I mean, you know, we --

Q Was that voluntary?

A Sure. We have given AK-47s to two different [REDACTED] also.

Q There were certain credits that I don't know whether you had wanted to get into or not that we hadn't explored. My lists are different than yours. I don't know whether they concern the Miller part of it. You might just want to go through and see if there's any that you feel.

I have one question while they are looking at that. What [REDACTED] money -- you talked about money being paid to [REDACTED] What was that for?

A For the upkeep of men in [REDACTED] that we hoped we could get together into a fighting force.

Q Did that ever occur?

A No, no. It didn't come through, so we had to give it up.

BY MR. LIMAN: (Resuming)

Q We thought these were Miller, but do you want me

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to take them? Your bank account shows deposits June 4, 1986, of \$25,000 by order of Bank Scandinavia. Do you know what that's from?

A That's the one, the \$25,000 that I referred to could be from --

Q From Singlaub?

A From people associated with General Singlaub.

Q Then the next one is May 14, '86, \$48,770 by order of Chase Panama. Do you associate that deposit with someone?

A \$48,000?

Q \$770.

A \$48,770.

Q From Chase in Panama.

A That could be Channel.

Q And then on August 29, 1985, there was a \$300,000 deposit by order of the [REDACTED] Do we know what that was?

MR. ZANARDI: What was the date?

MR. LIMAN: July 20, 1985.

MR. ZANARDI: That's not in one of his accounts.

MR. LIMAN: It says [REDACTED]

MR. ZANARDI: That could be a transfer. The [REDACTED]
[REDACTED] that's one of his accounts.

MR. LIMAN: That's an internal transfer. Is this

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another internal transfer?

MR. ZANARDI: What's the date?

MR. LIMAN: September 27, '85.

THE WITNESS: That sounds like the one when they closed the account. That's the closing of the account.

BY MR. LIMAN: (Resuming)

Q Then on September 30, 1985 there's a deposit by order of [REDACTED]

A That's a transfer interaccount.

Q Then there was a \$50,000 reimbursement, it seems to say, from [REDACTED] 1/27/86. Do you know what that is?

A No.

Q REM, FMB [REDACTED] Do you know what that is? Do you know?

MR. ZANARDI: I think I know what happened. There was a debit and then a credit.

[REDACTED] WITNESS: They are reversing.

BY MR. LIMAN: (Resuming)

Q Do you know what that was about?

A They made a wrong entry and then they reversed it.

Q Then March 3, '86, there was a deposit by order of [REDACTED] is that what that is?

A We served as -- we served UNO as a channel to give that money to the radio station operation [REDACTED]

[REDACTED] I think there were about four deposits made by [REDACTED]

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to our account and we in turn turned that money over.

BY MR. BALLEEN: (Resuming)

Q Just one other matter. I forget which committee exhibit -- the end user exhibits.

MR. LIMAN: I think we covered these.

MR. BALLEEN: I just want to see if I have a different one. I have a different one.

THE WITNESS: May I tell you a story? Are we sort of finished?

MR. BALLEEN: We have one more question.

MR. PARRY: And then I have one more question.

BY MR. BALLEEN: (Resuming)

Q Have you ever seen that document before?

MR. PORTUONDO: He's looking at what purports to be an end user certificate with a date of 28 November.

MR. BALLEEN: We should mark that as an Exhibit.

MR. LIMAN: Let's mark that as Calero Exhibit 7. We'll have it Xeroxed -- two end user certificates dated November 28, 1984, addressed to [REDACTED]

[REDACTED] I think you referred to [REDACTED] at one point in your testimony in connection with some [REDACTED]

(The document referred to was marked Calero Exhibit Number 7 for identification.)

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BY MR. LIMAN: (Resuming)

Q If you look at this, does it ring any bells to you?

A Yes. I mean, I don't remember seeing it or reading it, but I'm reading it now. It's very clear that these [REDACTED] were the ones that were bought from [REDACTED]

BY MR. BALLEEN: (Resuming)

Q These were [REDACTED] that were bought from [REDACTED] that went to you?

A Um-hum.

Q It seems to indicate -- maybe I'm just misreading it -- but it seems to indicate in there that certain rifles were sold by [REDACTED] which would be you, to the [REDACTED]

[REDACTED] Is that correct or am I misreading the document?

A I didn't read it, to tell you the truth.

Q Would you read it, please?

A That we have purchased, I think it says.

MR. PARRY: You mean translate it?

MR. BALLEEN: Maybe you should read it.

MR. LIMAN: The certificate says on it, in referring to [REDACTED] that we have bought from [REDACTED] -- you see that language there. So that's what the translation is. Now your question? I think that^{is} what you were pointing out.

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BY MR. BALLEEN: (Resuming)

Q My question is, the certificate then would say that we, "we" being [REDACTED] have bought from [REDACTED] would that be correct?

A That's what it says.

Q But the weapons went to you?

A (Nods in the affirmative.) Yes.

Q Did you have any discussions with [REDACTED] who signed it, that the weapons were going --

A No.

Q Do you know how that end user certificate was obtained?

A By a friend of ours.

Q Who?

A [REDACTED]

Q And who is that?

A [REDACTED] is [REDACTED] who lives in [REDACTED]

Q And the other end user certificates that you testified, those were obtained with the help of Mr. Secord?

A [REDACTED]

Q All of them?

A Yes, sir. I really dislike to talk about those things. They involve other countries.

MR. LIMAN: Our record is not a public record at

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this point, and you've expressed yourself on it.

THE WITNESS: I hope they remain non-public.

MR. LIMAN: You have one question.

BY MR. LIMAN: (Resuming)

Q Let me ask you a question. On those travelers checks, did you give him travelers checks that were unsigned?

A Unsigned.

Q Unsigned travelers' checks.

A Yes.

BY MR. PARRY:

Q I have two areas. Mr. Martin has told us that he stockpiled a large amount of arms [REDACTED] through an arrangement with you where the FDN would be able to draw those weapons out as needed and pay for them as they needed the weapons.

A He did that with [REDACTED] because we have no authority to do anything like that.

Q Were those weapons intended for use by the Contra or the FDN in particular?

A Well, let's say if we had the money we could have gotten those weapons.

Q You are aware that there was a large number of weapons?

A I was aware, yes.

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MR. LIMAN: He bought them on speculation in the expectation that he might be able to sell them to you?

THE WITNESS: Well, I would say yes. But through an arrangement, a formal, legal arrangement that he made with [REDACTED]

MR. LIMAN: We're not suggesting there was anything illegal.

THE WITNESS: They have custody and everything.

MR. LIMAN: We're not suggesting there was anything illegal in that. But as the foundation for the questions that Mr. Parry was going to ask of you, you were aware that he had brought in weapons which he was stockpiling [REDACTED] in the hope that he would be able to sell them to you, right?

THE WITNESS: Yes, that's what I could gather. They would be available to us and they would be available to [REDACTED] in case of a problem with Nicaragua.

BY MR. PARRY: (Resuming)

Q Did you in fact draw any weapons from that source?

A We took some of those things, which we shouldn't have done, and some of our people did take some of those things and we have made no payment for them. We don't have anything to pay with.

Q Was that about \$1 million worth?

A Yeah.

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Q Now the rest has remained there as far as you know?

A Yes. It's there as far as I know, yes.

Q Mr. Martin feels that you discontinued using that source due to pressure from Mr. Secord. Is there any basis for that?

A No, no, because -- look, we requested, we asked that those things be purchased because they were there, but it's the government people that have not wanted to buy any of that. There were also some --

BY MR. LIMAN: (Resuming)

Q I don't understand that answer. What government people didn't want to buy?

A The U.S. Government. I discussed with the U.S. Government people.

Q Since October of 1986?

A Since November - October, 1986, the possibility of acquiring those things that were there.

Q And the United States Government has not wanted to buy them?

A Has not wanted, but there were some weapons stored in our facilities. Some of those things were stored in our facilities and some of those things were dispatched.

Q Dispatched means what?

A Dispatched to our people.

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Q Did Mr. Martin ever complain to you about the fact that you weren't buying weapons from him that he had stored

A Well, he certainly is worried about all that material there.

Q He's put a lot of money into it.

A He's put a lot of money and he's lost his shirt on it and nothing has come of it.

Q Did he ever express to you the view that it was General Secord who discouraged you from buying from him?

A No. But he has expressed to me that Secord made a good lot of money on us. He has expressed that.

MR. ZANARDI: If you had had the money, would you have purchased the additional weapons from him?

THE WITNESS: Yes, because they are very good weapons. The prices are very, very reasonable, and they are there.

MR. ZANARDI: How do those prices compare with what you got from Secord?

THE WITNESS: They were different items more or less, but I don't remember exactly, but from Secord, from [REDACTED] shipment -- I have to be honest about it -- we got rounds of ammunition for \$75 per thousand and that's a darn good price. The best price that we could get from the [REDACTED] was \$110 -- of course, better ammunition.

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BY MR. LIMAN: (Resuming)

Q [REDACTED] was better?

A [REDACTED] is better ammunition. And I have not gone to the trouble, you know, of comparing prices, but the prices that we could purchase the Martin stuff is a good price.

Q I gather ^{that} ~~that~~ since you have found yourself in this business of buying arms you've discovered that arms have no ideology.

A None at all. Really, we are now fighting, most of the fighting that we are doing we are doing against the communists with communist weapons. It reminds me of the Indian wars, you know, that you had -- that they were selling to the Indians and also selling to the cowboys.

MR. ZANARDI: So at the end you would still be buying weapons if you had the money, even though you had this early inventory.

THE WITNESS: [REDACTED]

[REDACTED] We bought [REDACTED] rounds of that, and we bought [REDACTED] AK rifles. I mean, all our troops now have AK rifles except for the remaining FALs and D-3s that some of them still carry. But the majority of our fighting troops have AK.

BY MR. BALLEEN: (Resuming)

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Q Is that from the [REDACTED] the [REDACTED] rounds,
was that from the last Singlaub purchase?

A The last Singlaub.

BY MR. LIMAN: (Resuming)

Q Have you ever heard the code name Clutch?

A Clutch?

Q Or Spark?

A Spark?

Q In connection with Miller?

A In connection with Miller, Richard Miller?

Q Yes. Did he ever use those names? Did you ever
hear those names -- Clutch or Spark?

A No.

MR. LIMAN: We have no questions. After we go off
the record I'd like to hear your story.

THE WITNESS: All right, sir.

(Whereupon, at 4:52 p.m. the taking of the instant
deposition ceased.)

Signature of the witness

Subscribed and sworn to before me this ____ day of
_____, 1987.

Notary Public

My Commission Expires: _____

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CALERO Ex #1

13 pgs

DENIED

IN

TOTAL

Ex 00004 - EX 00015A

5106

CALERO Ex # 2

20 PGS

DENIED

IN

TOTAL

EX 00016 - EX 00035

(5107)

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MONTHLY BALANCES FOR
THE SIX CALERO ACCOUNTS
(as of 4-06-87)

Date	Deposits	Disbursements	Month-end Balance
05-83	5,017.60		
06-83	24.08		
07-83	25.01		
08-83	25.13		
09-83	24.44		
10-83	25.38		
11-83	10,063.07		
12-83	69.79		
01-84	10,083.63		
02-84	111.63		
03-84	119.69		
04-84	114.67		
05-84	113.01		
06-84	45.45		
07-84	1,003,388.46		
08-84	1,005,664.25		
09-84	1,007,260.59		
10-84	1,009,301.49		
11-84	1,005,079.89		
12-84	1,360,933.28		
01-85	1,002,815.50		
02-85	1,001,983.13		

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Calero Ex 3
5108

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MONTHLY BALANCES FOR
THE SIX CALERO ACCOUNTS
(as of 4-06-87)

Date	Deposits	Disbursements	Month-end Balance
03-85	19,070,532.20		
04-85	249,882.77		
05-85	19,557.48		
06-85	26,839.99		
07-85	70,757.23		
09-85	8,482.51		
10-85	200,487.49		
11-85	101,133.68		
12-85	615.07		
01-86	107,435.33		
02-86	38,012.41		
03-86	37,988.92		
04-86	83,850.84		
05-86	49,313.05		
06-86	556,140.73		
07-86	11,798.28		
08-86	713.27		
09-86	100,405.96		
10-86	150,203.00		
11-86	0.00		
11-86	378.06		
12-86	73,303.40		

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MONTHLY BALANCES FOR
THE SIX CALERO ACCOUNTS
(as of 4-06-87)

Date	Deposits	Disbursements	Month-end Balance
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01-87	80,264.67		
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..			
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Total Net Deposits:	34,471,161.49		
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Total Net Disbursements:			
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Total Net Interest:			
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Total Items:	592		
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This report is a listing of transactions associated with six Calero accounts. Transactions between bank codes 1007, 1020, 1024, 1071, 1073, and 1075 have been eliminated.

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No Date

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My Friend:

N 6388

This brief letter is being delivered via a trusted courier who has no knowledge of the contents but who can help carry out some of what this letter is about. We should not be made aware of the specific details in this letter.

And now the best news of all:

Next week, a sum in excess of \$20M will be deposited in the usual account. While this must be husbanded carefully, it should allow us to bridge the gap between now and when the vote is taken and the funds are turned on again.

5109

BKD, EB1
12-2-86
NS-22

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Cable Ex #4

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N 6389

2

So that we have a plan, I propose the following steps as highest priority:

The forces in the northern part of Nicaragua need to be dispersed so that they are not caught in the firestorm as the Sandinistas intend.

If the high ground can be guarded, then those who harbor in those areas will be safe.

Meanwhile, the forces and volunteers who have arrived can be outfitted, provided with some training, and

If a regular resupply program can be established using what will be deposited next week, we can start a regular logistics program of one flight every 10-15 days and the steady movement of supplies and ammunition to the forward bases.

Most important is saving the force from what I believe will be a serious effort to destroy it in the next few weeks. While I know it hurts to hide, now is the time to do it. While they are hiding, the man who is carrying this message can start the regular resupply process. I believe it would be wise to dedicate as much as \$9-10M for nothing but logistics. To coordinate a major effort such as this, I strongly urge that you bring aboard a logistics expert who is both knowledgeable and trustworthy. The courier should be able to help with this.

Once the regular resupply system is in place and the troops familiar with a rotation system

hitting them hard as they phase down in frustration from their current operations and striking at selected strategic targets with your enhanced capability.

This new money will provide great flexibility we have not enjoyed to date. I would urge you to make use of some of it for my British friend and his services for special operations. I can produce him at the end of this month.

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N 6390

[REDACTED] You and I both recognize his value and limitations.
Some in our Congress are aware [REDACTED]

[REDACTED] this could be
devastating to our forthcoming campaign to restore the funding.
I will find out how much he is getting and let you know, but it
seems as though something should be set aside for this purpose.
[REDACTED]

Request you advise me soonest regarding the deposit and destroy
this letter after reading. The map can be passed [REDACTED] with
my best wishes. Please do not in any way make anyone aware of
the deposit. Too much is becoming known by too many people. We
need to make sure that this new financing does not become known.
The Congress must believe that there continues to be an urgent
need for funding.

Warm regards,
Steelhammer

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As of April 9, 1985

FON Expenditures and Outlays

N 6408

July 1984 through February 1985

<u>Quantity</u>	<u>Item</u>	<u>Cost</u>
<u>Independent Acquisition</u>		
	G-3 rifles	
	Magazines	
	Rounds 7.62 x 51	
	Rounds 7.62 x 51	
	Hand grenades	
<u>Airlift #1 - February 1985</u>		
	81mm grenades	
	60mm grenades	
	50 cal API	
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Freight, Demurrage, Ins., etc.	
<u>Airlift #2 - March 1985</u>		
	Rounds 7.62 x 39	
	RPG-7 grenades	
	Hand grenades	
	60mm mortars	
	C-4	
	Fuses and detonators	
	G-3 rifles	
	G-3 magazines	
	Cleaning kits	
	60mm grenades	
	50 cal links	
	Freight, Demurrage, Ins., etc.	
<u>Sealift #1 - April Arrival</u>		
	RPG-7 rockets	
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Belts for 7.62 x 39	
	SA-7 launchers	
	SA-7 rockets	
	M-79 grenades	
	other exp	
	Freight, Ins., and	
	M-79 grenades	

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FON Expenditures and Outlays ²
 July 1984 through February 1985 (Cont'd....)

Quantity	Item	Cost
<u>Sealift #2 - May Arrival</u>		
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Rounds linked 7.62 x 51	
	Hand grenades	
	M-79 grenades	
	60mm grenades	
	81mm grenades	
	82mm grenades	
	RPG-7 rockets	
	Claymore mines	
	50 cal API	
	12.7 ammo	
	57mm recoilless rifles	
	57mm ammo	
	Anti-tank mines	
	G-3 rifles	
	G-3 cleaning kits	
	AK rifles	
	G-3 magazines	
	AK magazines	
	Swedish K magazines	
	HK-21 machine guns	
	RPG-7 launchers	
	M-79 launchers	
	9mm pistols	
	AK-39 links or belts	
	C-4	
	Fuses and detonators	
Lot		
Deposit paid		
Estimated cost		

Miscellaneous Expenses Since July 1984

	Uniforms
	Boots
	Radio and comm equip
	Air and ground transp
	Military gear
	Aid to southern front
	Aid to Misuras
	Food, family asst,
	upkeep of base
	camp, air force
	hospitals, etc.
	Political activity -
	offices in various
	countries and cities,
	travel, p.r.
	Acquisition two
	transp airplanes

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N 10596

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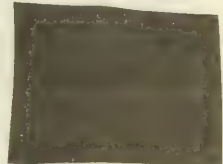
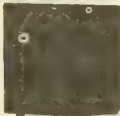
As of April 9, 1985

FDN Expenditures and OutlaysJuly 1984 through February 1985

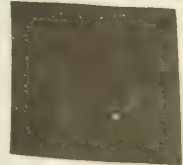
<u>Quantity</u>	<u>Item</u>	<u>Cost</u>
<u>Independent Acquisition</u>		



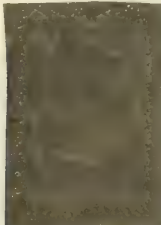
G-3 rifles
Magazines
Rounds 7.62 x 51
Rounds 7.62 x 51
Hand grenades

Airlift #1 - February 1985

81mm grenades
60mm grenades
50 cal API
Rounds 7.62 x 39
Rounds 7.62 x 51



Freight, Demurrage, Ins., etc.

Airlift #2 - March 1985

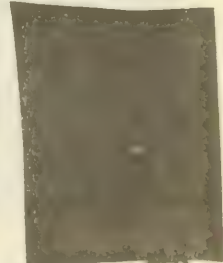
Rounds 7.62 x 39
RPG-7 grenades
Hand grenades
60mm mortars
C-4
Fuses and detonators
G-3 rifles
G-3 magazines
Cleaning kits
60mm grenades
50 cal links



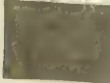
Freight, Demurrage, Ins., etc.

Sealift #1 - April Arrival

RPG-7 rockets
Rounds 7.62 x 39
Rounds 7.62 x 51
Belts for 7.62 x 39
SA-7 launchers
SA-7 rockets
M-79 grenades



Freight, Ins., and other exp



M-79 grenades

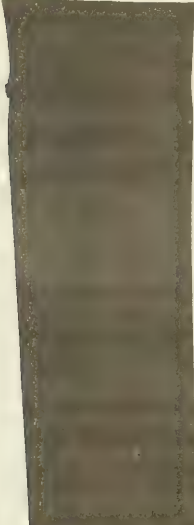
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N 10597

FDN Expenditures and OutlaysJuly 1984 through February 1985 (Cont'd...)

<u>Quantity</u>	<u>Item</u>	<u>Cost</u>
<u>Sealift #2 - May Arrival</u>		
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Rounds linked 7.62 x 51	
	Hand grenades	
	M-79 grenades	
	60mm grenades	
	81mm grenades	
	82mm grenades	
	RPG-7 rockets	
	Claymore mines	
	50 cal API	
	12.7 ammo	
	57mm recoilless rifles	
	57mm ammo	
	Anti-tank mines	
	G-3 rifles	
	G-3 cleaning kits	
	AK rifles	
	G-3 magazines	
	AK magazines	
	Swedish K magazines	
	HK-21 machine guns	
	RPG-7 launchers	
	M-79 launchers	
	9mm pistols	
	AK-39 links or belts	
	C-4	
	Fuses and detonators	
Lot		
Deposit paid		
Estimated cost		

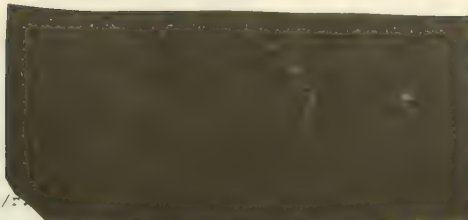
Miscellaneous Expenses Since July 1984

	Uniforms	
	Boots	
	Radio and comm equip	
	Air and ground transp	
	Military gear	
	Aid to southern front	
	Aid to Misuras	
	Food, family asst,	
	upkeep of base	
	camps, air force	
	hospitals, etc.	
	Political activity -	
	offices in various	
	countries and cities,	
	travel, p.r.	
Acquisition two		
transp airplanes		

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CERTIFICACION DE DESTINO FINAL

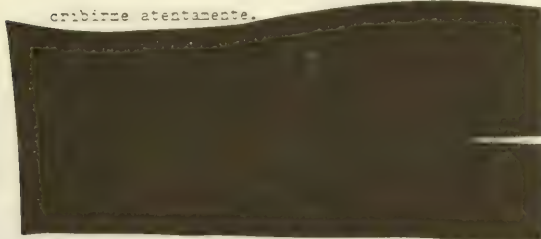
14 de febrero de 1,985.

Señores:
 ENERGY RESOURCES INTERNATIONAL
 440 Maple Ave. East
 Viera, Fla., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ MIL (10,000) rifles automáticos, los cuales serán destinados para uso exclusivo del Ejército de [REDACTED] y no serán reexportados ni vendidos a otro país, siempre [REDACTED] el destino final.

Con otro particular, aprovecho la oportunidad para saludarles atentamente.



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UNCLASSIFIED

N 7190

S/r.

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,955.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ MIL (10,000) libras de explosivo (HE) - C4 o TNT y UN MIL QUINIENTOS (1,500) detonadores variados, los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

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N 7191

S/r.

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1985.

S.ñores:
 ENERGY RESOURCES INTERNATIONAL
 440 Maple Ave. East
 Vienna, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será destinado para uso exclusivo del Ejército de [redacted] y no será reexportado ni vendido a otro país, siendo [redacted] el destino final:

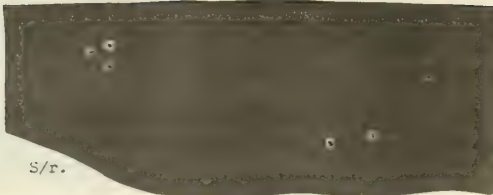
- A. 150 ametralladoras
- B. 150 morteros de 60mm. -completos-.
- C. 100 morteros de 81mm. -completos-.
- D. 150 lanzagranadas M-79
- E. -30 fusiles sin retroceso de 57mm.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.



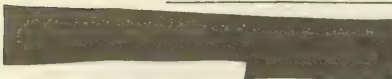
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N 7192

S/r.

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

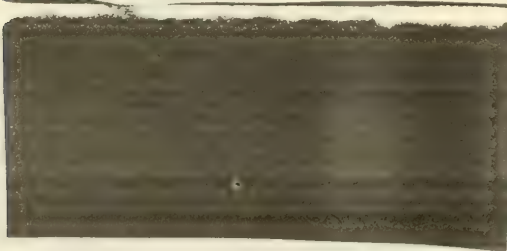
Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Vienna, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será -- destinado para uso exclusivo del Ejército de [redacted] -- será reexportado ni vendido a otro país, siendo [redacted] -- el destino final:

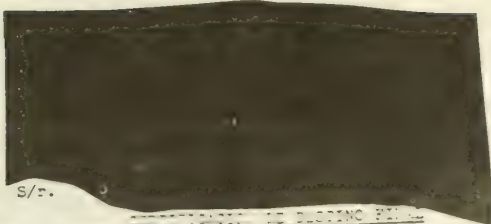
- A. 10,000 granadas M-79.
- B. -3,000 granadas de 60mm.
- C. -2,000 granadas de 81mm.

Sin otro particular, aprovecho la oportunidad para saludarles atentamente.



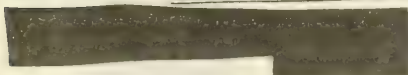
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14 de febrero de 1,985.

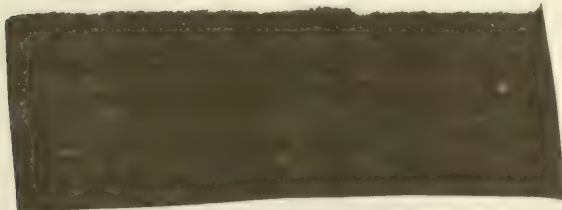
Señores:
 ENERGY RESOURCES INTERNATIONAL
 440 Maple Ave. East
 Viena, Va., 22180.

Señores:

Vos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será destinado para uso exclusivo del Ejército de [redacted] y será reexportado si vendido a otro país, siendo [redacted] el destino final:

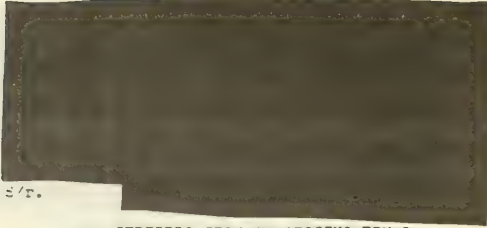
- A. 3,000 granadas RPG-7.
- B. --100 lanzagranadas RPG-7.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.



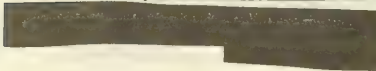
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S/T.

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
 ENERGY RESOURCES INTERNATIONAL
 440 Maple Ave. East
 Viena, Va., 22180.

Señores:

Mos dirigimos a ustedes, para manifestarles que por es-
 te medio estamos extendiendo CERTIFICACION DE DESTINO FINAL
 por DOS MIL (2,000) minas anti-personales y UN MIL (1,000)
 minas anti-tanque, las cuales serán destinadas para uso ex-
 clusivo del Ejército de [redacted] y no serán reexportadas -
 ni vendidas a otro país, siendo [redacted] el destino final.

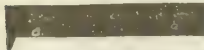
Sin otro particular, aprovecho la oportunidad para su-
 cribirle atentamente.



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

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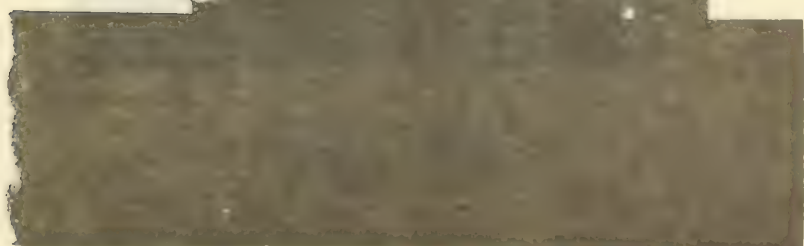

CERTIFICACION DE DESTINO FINAL: 14 de febrero de 1985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Vienna, Va., 22180.

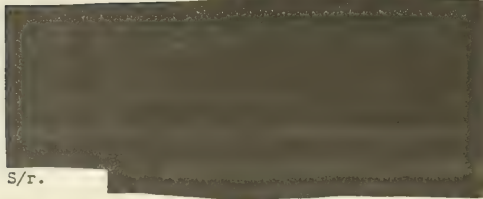
Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por TRES MIL (3,000) LAW ROCKETS, que vienen destinados para uso exclusivo del Ejército de  y no serán reexportados ni vendidos a otro país, siendo  el destino final.

Sin otro particular, aprovecho la oportunidad para saludarles atentamente.

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S/r.

CERTIFICACION DE DESTINO FINAL

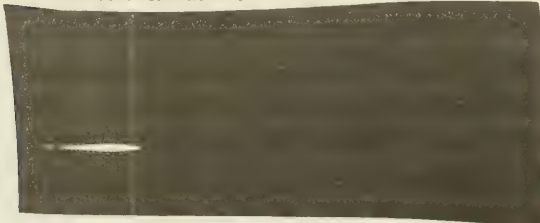
14 de febrero de 1,985.

Señores:
 ENERGY RESOURCES INTERNATIONAL
 440 Maple Ave. East
 Viena, Va., 22180.

Señores:

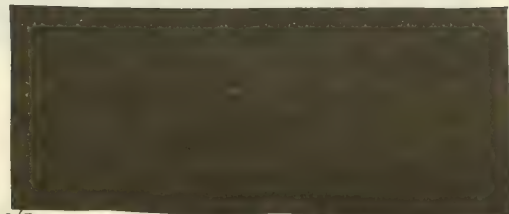
Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ (10) lanzacohetes tierra-aire y CINCUENTA (50) misiles tierra-aire, los cuales vienen destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para saludarles atentamente.



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CERTIFICACION DE DESTINO FINAL

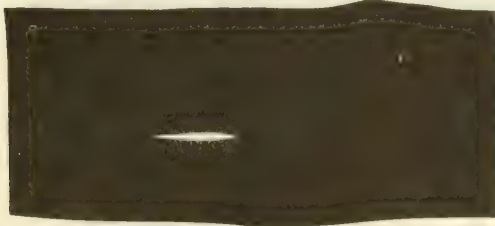
14 de febrero de 1985.

Señores ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Vienna, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por CINCO MILLONES (5.000,000) de cartuchos Ball Ammo, calibre 7.62mm., los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para saludarles de ustedes atentamente.



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CERTIFICACION DE DESTINO FINAL

28 de noviembre de 1,984.-

Estimado

Nos dirigimos a usted, para manifestarle que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por CUATRO MIL-SETECIENTOS VEINTICUATRO (4,724) fusiles CETME calibre 7.62 NATO - con sus accesorios; y VEINTE (20) BROWNING 1919A4 ametralladoras - calibre 7.62 NATO, que hemos comprado de:

Este material especificado viene consignado para uso exclusivo del Ejército y no será reexportado ni vendido a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme de usted, como su atento servidor.

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1/25/88

CALERO

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Original
SECRET SILENT WORD

HSIS LC45/87

Stenographic Transcript of

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

WITNESS (W)
TESTIMONY OF [REDACTED]
Monday, April 20, 1987

(Tomas Castillo)

UNCLASSIFIED

4095

Partially Declassified / Released on 23 DEC 87
under provisions of E.O. 12958

Washington, D.C.

by [REDACTED] National Security Council
K. Johnson

SECRET SILENT WORD

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ALDERSON REPORTING

(202) 628-9300



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SECRET CODE WORD

1

TESTIMONY OF [REDACTED]

Monday, April 20, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan Opposition

Washington, D. C. W

Deposition of [REDACTED] called as a

witness by counsel for the Select Committee, at the

offices of the Select Committee, Room SH-901, Hart Senate

Office Building, Washington, D. C., commencing at 10:17

a.m., the witness having been duly sworn, and the

testimony being taken down by Stenomask by ANNE

PELLECCHIA HOROWITZ and transcribed under her direction.

4095

Partially Declassified/Release: on 23 DEC 87

under provisions of E.O. 12958

by [REDACTED] National Security Council

K. JOHNSON

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SECRET CODE WORD

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UNCLASSIFIED

2

1 APPEARANCES:

2 On behalf of the Senate Select Committee on Secret
3 Military Assistance to Iran and the Nicaraguan
4 Opposition:

5 THE HONORABLE WARREN RUDMAN

6 ARTHUR LIMAN, ESQ.

7 Chief Counsel

8 PAUL BARBADORO, ESQ.

9 Deputy Chief Counsel

10 MARK BELNICK, ESQ.

11 Executive Assistant to the Chief Counsel

12 TOM POLGAR, Investigator

13 On behalf of the House Select Committee to
14 Investigate Covert Arms Transactions with Iran:

15 RICHARD J. LEON, ESQ.

16 Deputy Chief Minority Counsel

17 NICHOLAS P. WISE, ESQ.

18 Associate Staff Counsel

19 On behalf of the witness:

20 THOMAS E. WILSON, ESQ.

21 MARY BETH SULLIVAN, ESQ.

22 WILLIAM F. PENDERGAST, ESQ.

23 Seyfarth, Shaw, Fairweather & Geraldson

24 1111 19th Street, N.W.

25 Washington, D. C. 20036

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C O N T E N T S

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EXAMINATION ON BEHALF OF
SENATE WITNESS

WITNESS

W

[REDACTED]

By Mr. Barbadoro

4

By Mr. Wilson

196

E X H I B I T S

W

[REDACTED]

EXHIBIT NUMBER

FOR IDENTIFICATION

1
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UNCLASSIFIED

PROCEEDINGS

SENATOR RUDMAN: If you would remain standing, please raise your right hand. Do you swear that the testimony you are about to give in the course of this deposition should be the truth, the whole, and nothing but the truth, so help you God?

W [REDACTED] I do.

SENATOR RUDMAN: You can be seated.

Whereupon,

W [REDACTED]
called as a witness by counsel on behalf of the Senate Select Committee, having been duly sworn, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE

BY MR. BARBADORO:

Q W [REDACTED] when did you became the Chief of Station [REDACTED]?

A I decline to answer. W

SENATOR RUDMAN: [REDACTED] I am going to read an order to you, to you and your counsel, and I am going to put it in the record at this time.

It is United States District Court for the District of Columbia, the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, the United States Senate, Washington, DC.

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1 The order was filed March 30, 1987.

2 Upon consideration of the application by the
3 Senate Select Committee on Secret Military Assistance to
4 Iran and the Nicaraguan Opposition, upon determining that
5 the procedural requirements of 18 U.S.Code Section
6 6005(b) have been satisfied, and upon consideration of
7 the application of Independent Counsel Lawrence E. Walsh
8 under 18 U.S.Code Section 6005(c) to defer this order for
9 20 days from the date of the Select Committee's request
10 for the order, it is, ³this 30th day of March, 1987,
11 ordered that [REDACTED] may not refuse to testify and
12 provide other information at proceedings of the Senate
13 Select Committee on Secret Military Assistance to Iran
14 and the Nicaraguan Opposition on the basis of his
15 privilege against self-incrimination, and it is further
16 ordered that no testimony or other information compelled
17 under this order (or any information directly or
18 indirectly derived from such testimony ⁵or other
19 information) may be used against [REDACTED] in any
20 criminal case, except a prosecution for perjury, giving a
21 false statement, or otherwise failing to comply with this
22 order.

23 And it is further ordered that this order
24 shall become effective on April 19, 1987. Signed by the
25 United States District Judge, dated March 30, 1987,

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1 Aubrey E. Robinson, Jr.

2 [REDACTED] upon reading that order, it is
3 the opinion of the Committee that you are now compelled
4 to testify and you need not assert your Fifth Amendment
5 privilege before answering the questions. The privilege
6 we understand you have asserted. The Immunity Order
7 gives you immunity that the law allows and we can now
8 proceed with Mr. Barbadoro's question.

9 Paul, I am going to stay here for just a few
10 minutes and then I will leave.

11 MR. BARBADORO: I would like to mark this
12 order as [REDACTED] Exhibit #1, and the record should
13 reflect that I have handed [REDACTED] a copy of the
14 order as well.

15 (The document referred to was
16 marked [REDACTED] Exhibit Number 1
17 for identification.)

18 MR. WILSON: Mr. Barbadoro, for the record, it
19 is our understanding that while this proceeding has been
20 denominated a deposition it is considered by the
21 Committee to be an executive session and executive
22 proceeding of the Committee.

23 MR. BARBADORO: It is considered to be an
24 executive proceeding but it is a deposition rather than a
25 Committee hearing.

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1 BY MR. BARBADORO: (Resuming)

2 Q [REDACTED] we know from the records that
3 we have reviewed and the witnesses we have interviewed
4 that you played a significant role in the development of
5 the southern front military forces. Who gave you your
6 instructions regarding the southern front?

7 A Well, first of all, let me start by saying
8 that, the exercise of privilege aside, I appreciate the
9 opportunity to explain exactly what my role was. Your
10 question uses the word "developed". That isn't quite a
11 clear description of my role in working with the southern
12 military front of the Nicaraguan resistance.

13 Q Well, why don't you just describe what your
14 role was?

15 A To briefly describe it -- I think we'll get
16 into it and we'll get into it certainly as my testimony
17 goes on -- is that it begins with July, 1984, when I
18 arrived [REDACTED] and assumed command of the CIA
19 station [REDACTED] And by that time there had already
20 been a southern front, primarily under the direction of
21 Eden Pastora, with a smaller military force under the
22 direction of Fernando Negro Chamorro.

23 My arrival came after the Boland Amendment had
24 taken effect and, therefore, my responsibility was
25 essentially to maintain contact with these people over

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1 whom we had questionable control at any time during their
2 development prior to my arrival there.

3 So, it was basically an intelligence
4 collection operation to determine what they were doing.
5 And as time progressed, of course, we developed more and
6 more expertise in learning what they were doing. But to
7 say there was any control on our part would be
8 inaccurate, even at times ludicrous, given the nature of
9 these people and their circumstances at that time.

10 Q Well, it was more than just an intelligence
11 collection operation, wasn't it?

12 A Yes. The other half of it was political
13 action activities, [REDACTED]
14 [REDACTED]
15 [REDACTED]

16 [REDACTED] So, it was sort of keeping them
17 all together and keeping them looking at what their
18 primary objective was, the democratization of Nicaragua,
19 rather than -- and to keep them apart when conflicts
20 arose or to straighten out or mediate among the various
21 leaders and political figures and so forth, [REDACTED]
22 [REDACTED] It was a
23 different situation.

24 I would say that virtually at no time did we
25 ever have control. I certainly did my best to exert

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1 influence on them, but I was able to do so only to the
2 extent that [REDACTED] allowed it.

3 [REDACTED]
4 [REDACTED]
5 [REDACTED]

6 Q Let me go on here, though. It was more than
7 just an intelligence collection operation. You were
8 given, for example, specific instructions to separate
9 Pastora's commanders from Pastora, were you not?

10 A No, I don't recall ever receiving specific
11 instructions. I think it was my own strategy to attempt
12 to diminish his influence with the fighting forces inside
13 because he was so erratic, so uncontrollable, creating so
14 many problems for the U.S. mission and U.S. policy.

15 [REDACTED] In terms of a specific instruction, I don't
16 recall that there was a specific instruction.

17 Q Did you come up with a plan to subvert
18 Pastora's commanders from Pastora?

19 A Well, it was sort of an evolution. In terms
20 of that's what -- we recognized -- let me stop. We
21 recognized that inside Nicaragua there were
22 approximately, well, over a period of time, from [REDACTED] to
23 maybe [REDACTED] fighting men who still had nominal allegiance
24 to Eden Pastora, nominal in the sense that he remained
25 either on the border [REDACTED]

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1 And, by radio he would exercise his -- he
2 would exercise demagoguery over his people inside, and
3 coincidentally in terms of, in political terms, the need
4 to have Negro Chamorro, the man who was, and with his
5 small group of fighters about [REDACTED] --

6 Q Excuse me, [REDACTED] My question to you
7 was did you come up with a plan to separate Pastora from
8 his commanders?

9 A The question is too specific. I would say
10 that I would like to think I did. Let me put it that
11 way. But I think it was probably an evolved plan.

12 Q Who did you discuss the plan with?

13 A Oh, with the officers in my station, with
14 headquarters officers. The more we could diminish
15 Pastora and get Negro Chamorro and his forces inside to
16 link up with the other forces, it created a more solid
17 political situation.

18 The difficulties that Pastora presented to us
19 in political terms simply created a very erratic,
20 unstable political situation. He was always the fly in
21 the ointment, in political terms. So as we tried to
22 maneuver Negro and his forces to leave [REDACTED] and
23 encourage them to follow what had been the political
24 theme of the democratization or the pressure on the
25 Sandinistas to get out [REDACTED] and inside, it also

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1 meant an equivalent reduction in the presence the
2 position of Pastora.

3 Now Pastora was the nominal leader. The
4 commanders inside had a dialogue with him by radio and so
5 forth, but in terms of military operations it was the
6 commanders inside who made their own decisions.

7 Q I'm not asking you to explain the way Pastora
8 related to his commanders. My question was simply did
9 you come up with a plan, and I understand your answer to
10 be, yes, but you consulted with other people about the
11 plan. Is that right?

12 A Again, I am at a loss to answer your question
13 specifically, and I am certainly not trying to be
14 evasive. It's just that as these discussions took place,
15 as this thing, as this sort of nebulous situation became
16 more definitive, I can say, sure, I discussed it with
17 headquarters officers. There was cable traffic on it.
18 But to say that there was an A, B, and C, no.

19 Q Let's do it this way. You became Chief of
20 Station [REDACTED] in July of 1984. What was your
21 assignment immediately prior to being Chief of Station?

22 A I was Chief of [REDACTED] at
23 Headquarters for the Central American Task Force. That
24 meant I was responsible for all of the non-military
25 activities of the Central American countries, primarily

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1 dealing with press, propaganda, political action
 2 operations, political programs -- in other words, dealing
 3 with all of the problems and so forth surrounding the
 4 Nicaraguan resistance primarily and how they impacted on
 5 the other Central American political situations [REDACTED]

6 [REDACTED]
 7 [REDACTED]
 8 Q Was [REDACTED] your immediate superior?

9 A Yes, he was.

10 Q And Dewey Clarridge was Chief of the Latin
 11 American Division at that time?

12 A For a period of time. I don't recall exactly
 13 when he left, but for the most part while I was there,
 14 yes.

15 Q Do you know why you were chosen to be Chief of
 16 Station [REDACTED]

17 A Well, one likes to think that I was the best
 18 candidate for the job.

19 Q Who informed you that you were chosen to be
 20 Chief of Station?

21 A Dewey Clarridge, the Division Chief.

22 Q Did you have any discussions with Dewey
 23 Clarridge at that time about what you were supposed to be
 24 doing regarding the Contras [REDACTED]

25 A Well, to conduct all of the headquarters-

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1 directed operations and to continue the ongoing programs
2 as they existed at that time. Of course, this was in the
3 aftermath of both the Boland Amendment and the bombing
4 attack on Pastora.

5 Q What was the status of the military movement
6 in the southern front when you became Chief of Station?

7 A Poor, and it got worse.

8 Q How many men were in the field in July of
9 1984?

10 A Inside Nicaragua Pastora claimed [REDACTED] I
11 never thought there were more than [REDACTED] to [REDACTED]
12 [REDACTED] the camps there were perhaps another
13 300 to 500.

14 Q Who was in charge of the military operations
15 for the southern front at that time?

16 A Do you mean the station officer responsible?

17 Q Who was the Contra leader in charge of the
18 military aspect of the southern front?

19 A Negro Chamorro for his group, and Eden Pastora
20 for his group.

21 Q Were they working together or were they
22 entirely separate forces?

23 A Entirely separate. Well, entirely separate.
24 I guess there was some contact from time to time.
25 Pastora nominally had brought Chamorro into his group,

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1 but it was more of a case of compassion on Pastora's part
2 because Negro Chamorro [REDACTED] didn't really
3 have control of his people, and so Pastora had agreed to
4 bring or agreed with Negro to bring him into his group.
5 But after the bombing attack on his camp [REDACTED]

6 [REDACTED] on May 31, 1984 --

7 Q Who is "his camp"?

8 A Pastora's camp. Pastora, of course, was
9 severely injured and that's when things kind of started
10 unravelling for him.

11 Q How were those [REDACTED] troops being supplied in
12 July of 1984?

13 A Those troops had been supplied by CIA prior to
14 the Boland Amendment cut-off and they received massive
15 resupply, I guess, in the early part of 1984 and they
16 lived on that for quite a while. Then Pastora had his
17 own sources in the Christian Democratic Movement, the
18 Social Democratic Movement, through Latin America and
19 some help from [REDACTED]

20 [REDACTED] and some help, I guess, from
21 Cuban-Americans in Miami, but none associated with CIA.

22 Q It was clear to you when you became Chief of
23 Station in July that the CIA money was running out and
24 the CIA was not going to supply the Contras again for at
25 least a year, isn't that right?

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1 A I believe that at that time CIA money had
2 already run out. I gave no money from the time I assumed
3 command to -- official CIA funds we're talking about, of
4 course; it's not my money.

5 Q The money had run out, right?

6 A I'm almost sure. I don't know, but all I can
7 tell you is I did not disburse funds to Pastora after I
8 assumed command.

9 Q Did you have any discussions with Dewey
10 Clarridge prior to becoming Chief of Station as to how
11 the Contras were going to be supplied once you got down
12 there?

13 A No, no.

14 Q There was no discussion at all about what
15 would happen to that southern front force without CIA
16 money?

17 A Well, you say did I have any discussions with
18 Dewey Clarridge. My answer to that about that is no. I
19 assumed and I don't know, I assume or I believe that or
20 it was my impression at the time that they would get
21 funds ^{from} ~~for~~ private sources.

22 Q Where did you get that impression?

23 A I don't know. I just can't tell you because
24 it was just an impression that they would survive, okay,
25 and that Negro and Pastora and the others would seek

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1 support from somewhere.

2 Q Did Clarridge say anything to you about
3 private sources supporting the Contras?

4 A I can't remember that he ever did.

5 Q Did you have any discussions with the Director
6 prior to going down to become Chief of Station?

7 A No.

8 Q You didn't meet with him?

9 A No.

10 Q Once you got your assignment?

11 A No. I'm smiling because the press is alleging
12 all sorts of things and it is simply not true.

13 Q Isn't it customary for someone before he's
14 made Chief of Station to have a meeting with the Director
15 before he goes down?

16 A That depends. After all [REDACTED] is not a
17 major station. It's not [REDACTED] I was only, I
18 am only a GS-15, I am not in the senior service. It is
19 customary for chiefs of station to be given the hail and
20 farewell handshake, but --

21 Q You didn't have it.

22 A I didn't have it, no. I think the last person
23 I saw may have been the DDO, Clair George, and I don't
24 even remember if I did.

25 Q Did you have any discussions with George about

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1 how the Contras were going to be resupplied?

2 A No, sir.

3 Q Let me ask you about a meeting in August in

4 1984 [REDACTED] Did you attend a meeting [REDACTED]

5 [REDACTED] Chiefs of Station in August [REDACTED]?

6 A Yes, I did.

7 Q What was the purpose of that meeting?

8 A It was a regional meeting, the Chiefs of
9 Station [REDACTED] to discuss
10 the status of their operations, the problems they were
11 facing, and sort of an overview thing and to look to the
12 future.

13 Q The Director was at that meeting, was he not?

14 A Yes, he was.

15 Q Was Clair George at the meeting?

16 A Yes, he was.

17 Q Was [REDACTED] at the meeting? It is
18 my understanding that he was not.

19 A That's right, I don't remember him being
20 there.

21 Q At that time he was the head of the Central
22 American Task Force, wasn't he?

23 A Yes, yes.

24 Q In your experience, isn't that unusual for a
25 meeting of Chiefs of Station to take place and the head

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1 of the Central American Task Force not to be there?

2 A No, Clarridge was there and certainly, you
3 know, to have everybody leave Washington at the same
4 time, I mean, who runs the shop back home? So since
5 Clarridge was there, he is familiar, you know, all of the
6 activities of the Central American Task Force, so I
7 suppose that they decided to leave [REDACTED] to run
8 things back home.

9 Q Is it safe to say that --

10 A That is an assumption on my part.

11 Q Okay. Is it safe to say at that time that it
12 was Clarridge rather than [REDACTED] that really had the
13 day-to-day control over Contras, CIA's Contra activities?

14 A Yes. If you know Clarridge, the only possible
15 answer is yes.

16 Q Who else was at that meeting that was not in
17 the CIA?

18 A Colonel Oliver North.

19 Q Anyone else?

20 A It seems to me there was somebody from State,
21 but maybe I'm mistaken.

22 Q North came down with the Director, didn't he?

23 A Well, I really can't say. I arrived [REDACTED]
24 [REDACTED] and they were there, you know. I met them; they
25 were there. I don't know how they travelled; I assumed

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1 they did.

2 Q Was that the first time you met Oliver North?

3 A Yes.

4 Q Did you find it unusual that he was, that a
5 non-CIA person was at a Chief of Station meeting?

6 A Well, unusual, I'm not sure that -- no, I
7 don't think so, although I had no previous experience. I
8 mean, I hadn't been to -- that was my first Chief of
9 Stations meeting. Secondly, however, I would have to say
10 not unusual because I was aware that Oliver North had a
11 close working relationship with Clarridge. And, you
12 know, the fact that he was there did not seem unusual. I
13 believe that when we did our overview, station overview,
14 I don't think North was present. I think it was just the
15 Director, Clair George, and Clarridge.

16 Q Do you know why North was there?

17 A I assume because we were talking about
18 Nicaraguan political -- the Nicaraguan situation.

19 Q What did he do when he was there?

20 A I don't remember him speaking other than in
21 the exchange of ideas and views and so forth. He didn't
22 make a presentation or anything like this, like that.
23 You know, it just, there was no --

24 Q Had you met North during your tour in the
25 Central American Task Force?

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1 A No, sir.

2 Q Did you have any personal discussions with him
3 at this meeting of August?

4 A Yes.

5 Q What did you talk about?

6 A Well, it was not at the meeting. It was at a
7 cocktail party on one of the evenings that we were there.
8 We were there two or three days, and during one of the
9 evenings we had a cocktail party. I went over to him and
10 introduced myself and told him I was from

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1 Q How long was that meeting with North?

2 A Oh, a few minutes on the terrace during the
3 cocktail party.

4 Q And it was your first private discussion with
5 him?

6 A Yes, private. I mean in front of other
7 people.

8 Q What else did you talk about?

9 A Families, that sort of thing -- personal
10 things. It's the only thing I can remember. I didn't
11 talk about -- I don't recall talking about any other

12 [REDACTED]

13 Q Did he say anything to you about the status of
14 the southern front forces?

15 A I don't recall that he said or I said anything
16 at the time.

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

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Q What else did you talk about in that meeting?

A We went over [REDACTED] aspects. I remember because that was the thing I'd really boned up on since that was where I was weakest. I knew the Nicaraguan situation obviously from my time in Washington, and I talked about some of the major operations that we had [REDACTED] that sort of thing.

Q Did you talk to him about Pastora and his troops?

A Well, that had all been covered in the overviews.

Q Did you talk to him, though, in this private

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1 meeting about Pastora and his troops?

2 A I don't remember saying anything about that.

3 Q Did he say anything to you about how the --

4 A No.

5 Q -- contras were going to be resupplied during
6 this period when the Boland Amendment was in effect?

7 A No. I frankly can't recall anybody saying
8 anything. It was an assumption on my part, and I can't
9 specifically say from where, that they would survive
10 somehow with private assistance.

11 Q And, to your knowledge, there was no
12 discussion at this meeting [REDACTED] about how the
13 Contras were going to survive during the period the
14 Boland Amendment was in effect?

15 A To the best of my recollection, no, there was
16 not.

17 Q Were you given any instructions at that
18 meeting as to what contacts you could and couldn't have
19 with the Contra forces?

20 A Oh, well, it was all specifically, yes, not
21 only then, but prior to going down as a result of the
22 Boland Amendment that it was strictly intelligence
23 collection and keeping the political worms in the bucket
24 until, of course, Congress decided to resume funding and
25 we did not know how long with was going to be.

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1 Q Had you conceived of your plan to separate
2 Pastora from his commanders by that point?

3 A No.

4 Q When did you develop that plan?

5 A Much, much later. I guess it was in, if there
6 was even, as I say, a plan, it was kind of a thought
7 process. But when we received a report, [REDACTED]

8 [REDACTED] that the two commanders, two or three commanders
9 inside Nicaragua had met with commanders [REDACTED]

10 [REDACTED] of the FDN [REDACTED]

11 [REDACTED] and that they, on their own, sat down and signed a
12 pact that they would cooperate with each other in the
13 field regardless of what their political alliances might
14 be -- meaning that [REDACTED]

15 [REDACTED] the FDN out of [REDACTED] and the ARDE
16 commanders nominally under Pastora from the south, that
17 they agreed that in the field they would work together,
18 and this occurred in November, 1985.

19 Q When you say ARDE, that included Pastora's
20 people. It also included Blackie Chamorro's people?

21 A No. Blackie, Negro Chamorro, had his own
22 organization called UDN/FARN which stands for the
23 National Democratic Union/Nicaraguan Revolutionary Armed
24 Forces. And as I say, there was a period in 1984 when
25 they had sort of joined together, but this dissipated

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1 over the period of 1984-1985, I think mainly because
2 Pastora was sort of patronizing toward Chamorro, and it
3 wasn't really what you might call an alliance between two
4 leaders.

5 Q What were the names of Pastora's principal
6 military commanders? Was [REDACTED] one of them?

7 A No [REDACTED] Please now, you are calling back
8 things that over the time have eluded me. [REDACTED] I
9 believe, was under Negro Chamorro. Under Pastora there
10 was [REDACTED]

11 Q Was there a guy nicknamed [REDACTED]

12 A Yes. [REDACTED] was one of the field commanders.

13 He wasn't one of Pastora's, say, headquarters staff.

14 [REDACTED] was a field commander inside, and there were other
15 field commanders inside besides [REDACTED] -- six to eight.

16 Well, two of these or three of these were the ones who in
17 November of 1985 met with [REDACTED]
18 and signed this pact.

19 At that point the thought process
20 crystallized, and we saw the opportunity, I saw the
21 opportunity -- "we"; I'm talking about my station
22 officers who were involved in this -- to capitalize on
23 that because it was the first time that the south had
24 ever had any kind of rapprochement with the north, with
25 the FDN, and obviously for political reasons this brought

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1 together the things we were not able to accomplish in
2 terms of Adolfo Calero and the FDN, with Alfonso Robelo
3 and Arturo Cruz in the south.

4 So we thought that the political process could
5 be stimulated by the fact that the field commanders, that
6 the patriotic objectives would form the basis for an
7 actual political unity.

8 Q That was in November of 1985?

9 A November of 1985, correct.

10 Q Let me ask you then, who is [REDACTED]

11 A That is Eden Pastora.

12 Q Well, isn't it true that this plan had really
13 been conceived as early as June of 1985?

14 A Well, again I'm not sure that I can call it a
15 plan.

16 MR. LIMAN: Call it an idea for this purpose.

17 THE WITNESS: It is a concept, and I felt that
18 anyway that I could work to diminish Pastora's influence,
19 that that would, first of all, raise up the stature of
20 the Negro Chamorro people who were aligned with Robelo
21 and Cruz in the south that worked politically together
22 with them and that then that idea and the fact that
23 Pastora's duplicity with his own commanders could bring
24 about an amalgamation of the military people in the field
25 and that this would give substance and support to the

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1 political types [REDACTED]

2 I mean, it was sort of trying to do two things
3 at the same time. To what extent it was an idea or a
4 plan it is very difficult to define because we had
5 nothing, no leverage. We had no leverage whatever either
6 on Pastora or on the field commanders because we couldn't
7 deliver anything to them.

8 MR. BARBADORO: I will get to that for a
9 moment.

10 SENATOR RUDMAN: Paul, if you will suspend for
11 a moment, our rules do not require me to stay for this
12 examination, so I am going to excuse myself on the
13 record. Thank you very much. I have another meeting to
14 go to this morning.

15 MR. BARBADORO: Thank you, Senator.

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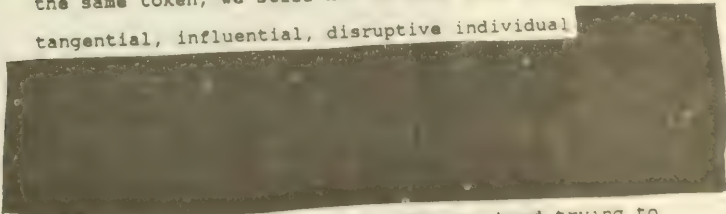
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We were certainly trying to give status, political status, to UNO. It was, after all, the umbrella organization of the Nicaraguan resistance. By the same token, we still had to deal with Pastora as a tangential, influential, disruptive individual.



Now here we are one the one hand trying to


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1 raise the political status of UNO to say that it really
2 represents the broad spectrum of the Nicaraguan
3 opposition, from the social democrats on the one side
4 to the right-wing conservatives on the other. And yet we
5 had those loose cannon sitting out there in the form of
6 Pastora, who could adversely affect things that we had
7 been working on for a considerable amount of time and put
8 a considerable amount of effort into it.

9 In my capacity as Chief of Station in this
10 particular situation, in this particular case, it was
11 part of my responsibility in order to promote the one
12 organization.



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1 [REDACTED]

2 THE WITNESS: [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED] And with Pastora, the

7 more that we could do to diminish his influence and at

8 the same time elevate the influence of others, it was --

9 it served our objectives.

10 MR. LIMAN: When you say our objectives, whose

11 objectives?

12 THE WITNESS: The U.S. Government's.

13 MR. LIMAN: And who communicated those

14 objectives to you?

15 THE WITNESS: Well, some of them I initiated

16 and I proposed to headquarters, as in this particular

17 cable.

18 MR. LIMAN: Well, who is headquarters?

19 THE WITNESS: Washington, the CIA, the Central

20 American Task Force.

21 BY MR. BARBADORO: (Resuming) C/LATF(C)

22 Q But at that point it's [REDACTED] isn't it?

23 A Well, sure.

24 [REDACTED]

25 [REDACTED]

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1 MR. LIMAN: So it is [REDACTED] you're talking to
2 about that?

3 THE WITNESS: Sure, and let me say that this
4 is one of hundreds of instances, not only in the case of
5 Pastora, but all others, where we had political
6 operations and there were things that I would, operations
7 that I would propose, operations they would propose, and
8 ask for my views on it and the constant give and take
9 over two and one half years had God knows how many
10 exchanges similar to this.

11 We made a proposal. They said stand down on
12 it. Okay, we'll stand down on it. Maybe next month
13 there might be more propitious opportunity, and might
14 even say, hey, we'd like to resurrect this old idea, and
15 they may say, hey, now is a good time to do it.

16 So that's part of the dialogue that works in a
17 good situation between headquarters and the field. It
18 doesn't always work that way. Sometimes there is
19 misunderstanding. Sometimes, you know, we are not always
20 in sync. But generally, that's the way it works. So to
21 bring out one piece of paper and try to say, you know,
22 did you have a plan --

23 BY MR. BARBADORO: (Resuming)

24 Q Whatever you want to call it. Let's call it
25 an idea.

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1 A In my view it was a concept because Pastora
2 was a disruptive element and what we needed to do was put
3 him aside and at the same time enhance the organization
4 that we had that we were supporting.

5 Q Did the concept involve causing Pastora's
6 commanders to break away from him and unite with the FDN
7 forces?

8 A That is a misconception. What happened is
9 that, in December of 1985, after this pact had been
10 signed, the commanders came out of Nicaragua and they
11 came out, three or four of them did, and they were of one
12 mind. They were going to confront Pastora and say 'we
13 need support now. We can't take it any more. We're
14 being decimated in the field, and if we don't get
15 support, we're going to go talk to the UNO people.'

16 And in fact, in December they came out. We
17 heard they came out. They did in fact meet with Negro
18 Chamorro and Negro Chamorro's assistants. They met with
19 Alfonso Robelo [REDACTED]

20 [REDACTED] The discussions, they were the
21 initiators. We responded to their interests and their
22 interests were to obtain support. We could not promise
23 them support, but what we did do was to encourage them to
24 get back inside, to take Negro Chamorro's people with
25 them so that there would be unification of their efforts

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1 in opposition to the Nicaraguan regime.

2 What Robelo may have promised them, what
3 Chamorro may have promised them, whether they were empty
4 promises or promises that -- it was something that I did
5 not participate in.

6 MR. LIMAN: Even if you didn't participate in
7 the mass chief of station, you surely would want to know
8 what those promises were. That's part of intelligence
9 gathering isn't it?

10 THE WITNESS: Well, it was, but as it turned
11 out --

12 MR. LIMAN: What did you find out?

13 THE WITNESS: I want to say that we found out
14 that Robelo did promise them some help, but I am not
15 certain that I can. I'm not certain that I can.

16 MR. LIMAN: You are not certain that you can
17 because of your memory or because that you don't want to
18 talk about it?

19 THE WITNESS: No, no, memory. Wait a minute.
20 Everything in this room, sir. I mean, everything I'm
21 saying is absolutely on the table. I am not in any way
22 trying to dissemble or to be obtuse.

23 MR. LIMAN: That isn't what I was trying to
24 put to you. I just wanted to know whether there were
25 some subjects that you were just uncomfortable talking

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1 about.

2 THE WITNESS: Sir, if there are any subjects I
3 am uncomfortable talking about, I am going to tell you I
4 am.

5 MR. LIMAN: Okay, fine, as long as we have
6 that understanding.

7 THE WITNESS: I have a problem with this in
8 that I simply am not sure. Now, I'd have to look at our
9 cable traffic for the period of December, January --
10 December of 1985, January of 1986 -- to tell you that.

11 MR. LIMAN: But you understood that the reason
12 or one of the reasons that they were dissatisfied --

13 THE WITNESS: You're right, I misspoke.

14 MR. LIMAN: With Pastora was the fact that
15 they weren't getting supplies.

16 THE WITNESS: You're correct.

17 MR. LIMAN: Now they're going to go along with
18 Chamorro and what did you find out about the commitment
19 for supplies?

20 THE WITNESS: Let me clarify. My attitude was
21 throughout this period to be as careful as I possibly
22 could concerning matters dealing with the Boland
23 Amendment. I wanted to be absolutely sure. I wanted to
24 be absolutely sure of the fact. That I may not have been
25 at certain times is the nature of the business.

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1 But I consciously tried not to get into a
2 position where these commanders would turn to me and say
3 or expect from me, from CIA, because they knew who I was
4 and they knew who my officers were, to expect from us
5 lethal support, okay?

6 MR. LIMAN: You didn't want to promise them
7 more than you could deliver?

8 THE WITNESS: I knew I couldn't deliver
9 anything. When I met with them I knew I couldn't deliver
10 anything. Yet, I did not want to be placed in the
11 position because this was a very delicate negotiation. I
12 did not want to be placed in the position whereby if they
13 asked, and I couldn't deliver, that what we were trying
14 to accomplish in terms of the political unification might
15 suffer.

16 I frankly avoided that point with them.
17 That's what I was trying to say when I said it before.
18 Yes, we did have a responsibility, in response to your
19 question, to collect intelligence on what was discussed
20 between Negro and the commanders, and between Robelo and
21 the commanders.

22 MR. LIMAN: But you must have seen that as
23 quite a dilemma. One the one hand, you wanted to
24 encourage them to join up with the UNO people, and, on
25 the other hand, you weren't in a position to deliver

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1 lethal aid at that point.

2 THE WITNESS: That is correct, and that goes
3 to the very crux of the matter of my responsibility at
4 that time. I essentially was doing all of this and it
5 reached the peak at that time in January of 1986. I was
6 doing all of this with mirrors, the whole question of
7 bringing these people together. We had nothing to offer
8 them. And at the same time here we were trying to keep
9 them pointed in that direction.

10 Believe me, it was not easy. I tried not to
11 be duplicitous with them. I tried to be as honest as I
12 could. Obviously, we kept hoping with each time that the
13 issue came before the Congress that, well, three or four
14 more months, let's see if can't last until then. And
15 then, you know, a negative vote and you are down again.
16 And you wait until the next opportunity.

17 I did tell them that we were optimistic about
18 the April vote, which was only four some months away, the
19 April, 1986, vote. Well, you know what happened to that
20 one. In any case, in what I consider an act of really
21 extraordinary good faith, they decided to bring
22 Chamorro's troops with them back inside, or take them
23 inside with them, into Nicaragua. And really, they were
24 kind of, you know, betting on the fact that there would
25 be the resumption of aid.

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BY MR. BARBADORO: (Resuming)

Q When was that?

A That was December, January of 1986.

Q Didn't you have some other leverage at that point? Hadn't the humanitarian aid started at that point?

A I don't know what impression you have or what you've heard from others about the humanitarian aid, but the humanitarian aid, for all the good it did in the south, was virtually useless. We couldn't get the deliveries. People inside were unable because they didn't have adequate communications. The terrain was horrible. They were illiterate, untrained in the receiving of supplies, so the humanitarian aid, whatever there was, as it was administrated by State went through either the people there [REDACTED] the various groups [REDACTED] and I think we got one, maybe two deliveries by air inside.

But it was a very unsatisfactory thing. What it did more than anything else was it offered false hope that was only satisfied to the commanders inside who needed a hell of a lot more than just, you know, some boots and uniforms and something. They needed everything right down to salt, aspirin, and bandaids, and --

Q Did they go to the field with that hope? Take

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1 your time. Take as much time as you need.

2 (A discussion was held off the record.)

3 MR. LIMAN: Back on the record. The whole
4 purpose of this inquiry is to learn.

5 THE WITNESS: The problem came about when
6 there was great optimism, great anticipation for the
7 people inside who had been deprived for so long to
8 receive something that would at least enable them to
9 survive. My anticipation, which I'm sure was
10 communicated through me, through my officers to the
11 resistance was, oh, now we have \$27 million that we have.
12 We can't give you guns and bullets but at least you will
13 have, you will be able to take care of your people.

14 And the \$27 million, whether it was
15 administratively misused or not misused, or however, we
16 found that while the State Department people did as good
17 as could be expected, there was never a substantive
18 assistance given to the people in the southern front.
19 There are lots of technical reasons, I guess, why --
20 planes, flight crews, getting the stuff on a timely
21 basis, whether it be pants and shoes and medicines.

22 And there were instances and I can recall one
23 where the plane full of non-lethal supplies, paid for by
24 NHAO, had to make an emergency landing in the [REDACTED]
25 International Airport in the middle of the night with a

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1 blown engine.

2 I sent my deputy out to the airport and he was
3 able to keep the crew on board. Finally, the customs
4 people came out and said, what's on there? And the
5 deputy sort of said, well, this is a private flight, and
6 so forth. And then -- not indicating what it was -- but
7 it was loaded with boots and so forth, all with stenciled
8 markings on these big plastic bags full of supplies.

9 And then, finally, when the plane took off, it
10 again had another problem and it landed it at [REDACTED]
11 [REDACTED] where it was confiscated [REDACTED] We
12 helped out through our [REDACTED] friends, telling [REDACTED]
13 [REDACTED] that in fact there was a flight planned for
14 that aircraft from [REDACTED] I mean, it was just a badly
15 run Mickey Mouse operation. And what happened was the
16 people inside who expected better didn't get what was
17 expected.

18 BY MR. BARBADORO: (Resuming)

19 Q Did they go to the field in part with the hope
20 that they were going to be given some of this
21 humanitarian aid?

22 A Well, they were already in the field. They
23 had been there since 1982, and they said, as they still
24 say to this day, that with our help or without our help,
25 they are going to continue the fight.

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1 Q In January, you signed an agreement, or an
2 agreement was signed, with the southern front commanders,
3 was it not?

4 A Yes.

5 Q Who negotiated that agreement?

6 A We mediated it.

7 Q Who is we?

8 A The station officers.

9 Q Who was involved in the negotiations?

10 A The ARDE commanders negotiating with Negro
11 Chamorro, and, for the UNO people, Alfonso Robelo, Negro
12 Chamorro.

13 Q Were there any representations made --

14 A Maybe facilitated would be a better word than
15 mediated.

16 Q Okay, were there any representations made by
17 the UNO people as to what kind of support the southern
18 front people would get?

19 A I think there was, but I can't answer with any
20 degree of certainty. I'd have to look at the cable
21 traffic for that period.

22 Q Was there anything said about military support
23 for them? Were they going to help them get arms?

24 A I hesitate to say yes, but I'm not sure
25 because I'm not sure.

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1 Q Was there anything said to them about how they
2 were going to get food and medical supplies?

3 A Yes, well you know, we had -- that was another
4 problem. You see, all of the supplies going into these
5 people had to be done by air or by sea. It could not be
6 done over the land for a number of reasons, [REDACTED]

7 [REDACTED]
8 [REDACTED]
9 Secondly, the Sandinistas, the Sandinista
10 military, controlled the border areas [REDACTED]

11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 The Sandinistas either patrolled or had mined
18 all of the trails on the Nicaraguan side. We even feared
19 that they may have crossed on some occasions because we
20 had reports of mines going off on [REDACTED] side.
21 The Sandinistas crossed over and mined parts of [REDACTED]
22 [REDACTED] side. So, any kind of -- for example, if you
23 wanted to send 50 100-pound bags of rice into Nicaragua,
24 you couldn't do it by land. I mean, you couldn't put it
25 in the back of a truck and send it up because there was

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1 no way to get it in and that was the once you got it
2 across [REDACTED] there was nobody who was going to carry
3 it north.

4 So all of the supplies had to go in by air.
5 That's why we had counted so much on the Nicaraguan
6 Humanitarian Affairs Office to provide the air delivery
7 of the supplies.

8 Q Did the FDN have the capacity to fly flights
9 directly to the resistance forces in the south?

10 A Well, they had a couple of old planes -- a C-
11 47, I think, and I think they had a DC-6, but it was on
12 the ground out of service more than it was up in the air.
13 And then there was a problem with some of the pilots
14 where they were afraid to fly in hostile territory.
15 Well, you can imagine how much more difficult it would be
16 to get south [REDACTED]
17 [REDACTED] than it would
18 have been from their own.

19 So what we ended up with was the situation
20 whereby they took -- the easy path was taken. Sure, they
21 supplied, the \$27 million was used to supply the people
22 it was easiest to get deliveries to. But the people who
23 needed it so badly, the ones in the south, with the
24 exception of one, maybe two, flights, they got nothing.

25 Q Was the FDN capable of flying [REDACTED] to

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1 southern Nicaragua and back without stopping for fuel
2 somewhere?

3 A I think the plane is capable of flying, but
4 I'm not sure. I mean, if the plane was in perfect
5 operational condition, it would be capable of doing it.
6 But, from my understanding of what those planes were like
7 in terms of their avionics, or lack of avionics, and
8 their age and their mechanical condition, I don't think
9 they could have made it all the way down and all the way
10 back.

11 It would have had to have been done by
12 Nicaraguan Humanitarian Assistance people contracting
13 with commercial companies.

14 Q When that agreement was reached in January did
15 the commanders, the southern front commanders, think they
16 were going to be supplied? What was said to them about
17 how they were going to be supplied?

18 A I'm not sure. I'm just not sure. I know I
19 emphasized the fact that the program was coming up for a
20 vote again in April and that the resumption of support
21 would be official support if the Congress voted the
22 funds.

23 Q Did they come out of the field in January to
24 negotiate this agreement?

25 A Four or five commanders did. You'd have to

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1 look at the traffic.

2 Q Right. And that was negotiated [REDACTED]?

3 A (Nods in the affirmative.) [REDACTED]

4 Q And then they went back into the field?

5 A And then they went back. Yes, I think they
6 all went back. One or two may have stayed behind to get
7 some medical problems taken care.

8 Q Weren't they going to depend on the private
9 benefactors to resupply them in January?

10 A The private benefactors, to the best of my
11 knowledge, at that time did not have their act together
12 yet. In other words, to be able to supply them from, to
13 be able to supply them in the south.

14 Q How were they going to be supplied when they
15 went back in to fight? Who was going to give them the
16 medicine that they needed and the food that they needed?

17 A Well, we gave them -- I know when Negro
18 Chamorro's people went back in, we gave them or Negro
19 Chamorro got from the Nicaraguan humanitarian, as much as
20 they could carry on their backs.

21 Q But they were going in for a long time.

22 A They had been in for a long time, okay? They
23 had been in since 1982 and they had done without, with
24 the exception of a very little bit that Pastora was able
25 to give them. They had been living, surviving throughout

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1 that period. They were really guerrillas in the true
2 sense of the word, at least much better guerrillas than
3 the people in the north in that they were able to capture
4 supplies from their adversaries.

5 Q It was clear in June of 1986, based on the
6 messages that you were sending, that you were very
7 concerned about these people that were out in southern
8 Nicaragua fighting, that they may be starving to death,
9 that they had mountain leprosy. You were concerned about
10 that in June. Were you concerned about that in January?

11 A Yes, and the previous January. Yes,
12 throughout the time I was there.

13 Q How did you think they were going to be
14 supplied?

15 A (Nods in the negative.) Until the private
16 benefactors at the end of January, early February, were
17 able to, when they came, when they made, when they
18 offered to deliver the supplies, I didn't know how they
19 were going to do it.

20 Q When did you get the offer from the private
21 benefactors?

22 A It was late January, early February, I
23 believe.

24 Q How was the offer communicated?

25 A You are really testing my memory with this.

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1 Q I understand. How was the offer communicated?

2 A Either from Colonel North -- I guess it was
3 from Colonel North.

4 Q Do you?

5 A Oh, yeah.

6 Q And how was that communication accomplished,
7 by telephone?

8 A Yes, I think so.

9 Q Tell me about that call.

10 A I was on the phone a lot with Colonel North.
11 And of course everybody here in Washington was very
12 excited, I guess, about the alliance, the pact, the
13 agreement that had been signed among what we now call the
14 non-aligned commanders, as to distinguish them from the
15 ARDE commanders and Negro Chamorro.

16 I was on the phone frequently with North, but
17 in spurts. It might be three or four weeks that would go
18 by that I wouldn't talk to him, and then I might talk to
19 him three or four times in a row, days in a row, and this
20 was on a secure line from the embassy to his office at
21 the NSC. I have to assume that it was at this time,
22 during this period, because it seems like the natural
23 time sequence that he said that the private benefactors
24 were prepared to deliver a plane load of supplies to the
25 people inside.

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1 This was after the pact had already been
2 signed and after the commanders had returned inside -- or
3 at least I no longer had contact. I had no longer direct
4 contact with the commanders. There's a point I wanted to
5 make. Yes, okay. So he said that he had, that he could
6 arrange, or that delivery could be arranged. Although I
7 don't think he said that he had direct control, my
8 impression is that he certainly would be influential or
9 could be influential in seeing to it that the southern
10 front got some supplies.

11 Okay, I'm giving you impressions. Again, I
12 could be off on the timing of this.

13 Q Let me give you a point of reference. North
14 and his family came to visit [REDACTED] in December.

15 A No.

16 Q No? You tell me the date.

17 A Late February, March. About then.

18 Q Okay. Was it before or after this visit that
19 North told you that the private benefactors might be able
20 to help support the southern front?

21 A Before.

22 Q Okay. So you're thinking is that it probably
23 was sometime after the agreement was signed with the
24 southern front commanders and sometime before February
25 when North and his family came down?

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1 A To the best of my recollection, yes. Again, I
2 say it's hazy. But it certainly was after the
3 commanders.

4 MR. LIMAN: Did he use the term private
5 benefactors.

6 THE WITNESS: Private sources, private
7 something.

8 MR. LIMAN: The term private benefactors
9 ultimately came into your vocabulary didn't it?

10 THE WITNESS: Yes. I think it may have been
11 me that used the word for the first time, benefactor. I
12 don't know why.

13 MR. LIMAN: Did you know who they were, when
14 North said that he could arrange the private airlift of
15 supplies?

16 THE WITNESS: No, sir. And of my own
17 knowledge to this day, I do not know who they are.

18 MR. LIMAN: And why did you ask North about
19 arranging the private airlift as opposed to [REDACTED] C

20 THE WITNESS: I don't know. No, no, it was
21 North who offered it to us in the south. Now let me get
22 back to something else. I think I have the point I
23 wanted to make.

24 It was my understanding also at that time
25 that, based on or as an outcome of the Nicaraguan

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1 humanitarian assistance and the communications
2 assistance, that it was proper for me to pass information
3 to the resistance which would or which could be used for
4 the safe delivery of supplies to them. Let's see, I got
5 a bit ahead of myself.

6 So when North offered to arrange for the
7 private benefactors to deliver supplies, my question was
8 a question of is this legal, is this proper, for me. He
9 said, well, actually all you'd be doing is passing
10 information in terms of where the drop zones are, which
11 would be information I would obtain from the commanders
12 inside, and, on the other hand, to pass information to
13 the commanders when the drop was expected, and how they
14 should be -- that they should be positioned to receive
15 it. That seemed acceptable to me to play that role.

16 Now what was your other question? I thought
17 you asked a question and then Tom passed you a question.

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Pages 54 to 58

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20 Q Around this time, did you have any discussion
21 with [REDACTED] about the building of an airstrip in Costa
22 Rica? C

23 A August of 1985?

24 Q Yes.

25 A No. The idea I don't even think had been

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Q The Ambassador started in Costa Rica in July
of 1985 is that right?

A Yes, correct.

Q Ambassador Tambs has testified in his
deposition that he was sent to Costa Rica with his
principal instruction being the opening of the southern
front. Did he tell you that

A Immediately

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1 met at his residence with the defense attache and with
2 the deputy chief of mission at which time he said that
3 his mission in Costa Rica was the -- what was it? -- was
4 the establishment or the development or the support of
5 the southern front in terms, as I understood them, of
6 both military and political.

7 Q Did he say who had given him that mission?

8 A Yes.

9 Q Who was that?

10 A Colonel North.

11 Q What else did he tell you about what North had
12 told him?

13 A I don't remember.

14 [REDACTED]
15 [REDACTED] And I don't remember much more about
16 the meeting other than that or any more.

17 Q Did it surprise that an ambassador was being
18 given an assignment to establish a southern front by a
19 National Security Council staff officer?

20 A No.

21 Q Did you understand the Ambassador's
22 instructions from Colonel North to be consistent with the
23 requirements of the Boland Amendment?

24 A Yes.

25 Q How could the Ambassador establish a military

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1 front in southern Nicaragua consistent with the
2 requirements of the Boland Amendment?

3 A Well, my interpretation, as I reflect on it,
4 and I'm not sure what my thought was then, but this is my
5 impression of that conversation now, is that he was
6 talking in a generic sense about the southern front, the
7 southern front he meant in a political as well as the
8 military, and essentially trying to do the same things I
9 was doing in keeping the southern front military viable
10 in terms of its position vis-a-vis the political side,
11 and to encourage them not to lose faith, not to lose
12 hope, that things would change as the Sandinistas
13 demonstrated more and more the totalitarian aspects and
14 that the Congress would get -- that's what I would have
15 understood it to mean.

16 I certainly didn't infer from what he said nor
17 did I think he meant to imply that there was any kind of
18 violation of the Boland Amendment intended.

19 Q So you took his instructions to be to give
20 moral support to the military forces in the south and
21 nothing more until Boland was changed?

22 A Well, to support my operational activities.
23 My operation activities, that he would do whatever was
24 necessary in support of what we had as specific
25 operational objectives, that being to keep the political

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1 worms in the bucket at that time.

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7 Q At any point in 1985 did you tell the
8 Ambassador about the CIA's plan not to have contact with
9 Pastora and to separate him from his commanders?

10 A The Ambassador was well aware of my efforts to
11 elevate the status of UNO and to diminish the status of
12 Pastora.

13 Q Okay. In that initial meeting with the
14 Ambassador that you described earlier did he tell you
15 about his desire to have a Contra resupply airfield
16 constructed in Costa Rica?

17 A No, I don't recall that.

18 Q Did you have discussions with the Ambassador
19 prior to [REDACTED] August 12 [REDACTED] in which there
20 was apparently a discussion about the building of an
21 airfield in Costa Rica for Contra resupply?

22 A There may have been in conceptual terms. I'm
23 sure I said to him things like, you know, if we ever get
24 the money it would be great to get an airfield [REDACTED] in
25 Costa Rica to be able to resupply these people inside and

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1 so forth and so on. But I can't specifically remember it
2 I actually spoke in such definitive terms.

3 [REDACTED]
4 [REDACTED] Tambs and I
5 probably did discuss in conceptual terms such a thing
6 because he was the type of person that you could talk in
7 conceptual terms to, and then he would suddenly run off
8 with the ball and sometimes before you could reach out to
9 him and pull him back in, he had done something or other
10 that perhaps had gone beyond, you know, just
11 brainstorming.

12 Q Was it in your mind of August, 1985, that an
13 airfield would be helpful to the Contra resupply effort
14 if the CIA were ever to get back into business?

15 A Absolutely. Absolutely. I mean, it was an
16 essential in my view.

17 Q Did you ever tell that to anybody?

18 A Oh, I'm sure I did. I mean, why not? Why
19 wouldn't I have? Sure I would have.

20 Q Did you ever tell it to Colonel North?

21 A I don't think so. August of 1985? I didn't
22 have -- I don't know. I don't think so, but I don't
23 know.

24 Q Let me ask you this. Colonel North's travel
25 records show that on August 10, 1985, he made a one-day

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1 trip [REDACTED]. He left on the, it is my
 2 understanding he left on the 9th, was there on the 10th,
 3 and came back on the 10th. Did you meet with him at that
 4 time?

5 A Did he travel with [REDACTED] ^C

6 Q I can only tell you what his travel records
 7 show. Hang on just a minute.

8 A I don't know.

9 Q Hang on just a minute.

10 I will represent to you that his travel
 11 records show that he left Dulles on August 10, arrived
 12 that day [REDACTED] and left [REDACTED] the next day on
 13 the 11th. Do you recall meeting with Colonel North on
 14 that trip?

15 A I don't have any recollection of that trip
 16 whatsoever.

17 Q Between August of 1984, when you first met
 18 North, and August of 1985 [REDACTED]

19 [REDACTED] did you have any meetings with North?

20 A Although I can't give you dates, I believe I
 21 did, and to my recollection is that I met with him here
 22 in Washington a couple of times.

23 Q What were the purposes of those meetings?

24 A Again, this is general impressions because I
 25 can't recall the exact discussions -- to keep up a

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1 friendship or an acquaintanceship. At that time I found
2 him to be very bright, articulate, charismatic. I
3 enjoyed being with him. He certainly had a thorough
4 grasp of the political dynamics involved on my side of
5 the activities. I found that he was very sympathetic to
6 my views concerning the political situation there.

7 After all, he was Deputy Director of Political/
8 Military Affairs for Central America. I also knew that
9 he was on this RIG, this regional, or whatever it is.

10 Q This Restricted Interagency Group?

11 A Yes. This Restricted Interagency Group. And
12 obviously I felt that it behooved me to be able to get my
13 thoughts, give him my impressions, my views, about what
14 was happening so that he would essentially represent,
15 accurately represent, again in my view, the political
16 situation in the south. So there was the personal side
17 and there was the political side.

18 Q Did you decide in August of 1984 that you
19 wanted to develop this acquaintanceship?

20 A No.

21 Q When did you decide that you wanted to develop
22 this relationship with Colonel North?

23 A I think several months after that I was up
24 here and I just gave him a call, as I do with people. I
25 call them up to say hi, how are you, why don't we get

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1 together for a beer.

2 Q When was the next time you recall meeting with
3 him after August of 1984?

4 A I don't know.

5 Q And do you think you saw him maybe twice up
6 here?

7 A Yes, two or three times. I'd, you know, have
8 a beer near my hotel or at my hotel or something like
9 that. He'd come by on his way home from work. We'd stop
10 and chat about things, that's all. I think once I did go
11 over to the NSC office, but I'm not sure when that took
12 place -- 1984, 1985, 1986. There was once in 1986, but I
13 don't remember when before that.

14 Q When was the first time you recall meeting
15 with him in [REDACTED]

16 A When he travelled in December of 198 --

17 Q With McFarlane?

18 A Yes. ,

19 Q That's 1985.

20 A No, it was December of 1984.

21 Q You're right, excuse me. Poindexter was
22 December of 1985.

23 A That's correct -- Poindexter and North.

24 Q Yes.

25 A December of 1985.

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1 Q So the next time you saw North was in December
2 of 1984. The next time you saw him in [REDACTED] was in
3 December of 1984?

4 A That is correct.

5 Q And you saw him perhaps a couple of times
6 after that up in Washington?

7 A After August of 1984.

8 Q After December of 1984?

9 A After December of 1984? Let me think about
10 that.

11 (Pause.)

12 Yes, yes, I guess, I'm not sure.

13 Q During any of those meetings did you discuss
14 with him the status of the southern front forces?

15 A Of course.

16 Q Did he give you any indication as to how they
17 might be resupplied during the period the Boland
18 Amendment was in effect?

19 A No. Not that I recall.

20 Q He didn't mention to you at that time the
21 possibility of private sources being used to supply the
22 Contras?

23 A No. You know, I can't definitively answer
24 that question, but my impression is that he did not.

25 Q Did you discuss with him in any of these

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1 meetings your belief that an airstrip needed to be
2 constructed in Costa Rica if the southern front were to
3 be properly resupplied?

4 A I would have to give the same answer to that
5 question. Until, of course, this August of 1985 period,
6 I don't think the question of an airstrip came up at any
7 time before Tambs arrived in Costa Rica, okay? That's
8 July of 1985. My impression would be it just wasn't, it
9 wasn't a viable thing, all right, to even have discussed
10 it.

11 And the other point was Pastora's people were
12 still Pastora's people. Chamorro's people weren't
13 inside. If there was any talk of it -- and my impression
14 now is that there wasn't, and I could be mistaken, but my
15 impression is that there wasn't -- it was because it
16 simply wasn't viable yet.

17 Q By August 12 it had apparently become viable

18 [REDACTED]
19 [REDACTED] Is that right?

20 A Well, it was viable as far as Ambassador Tambs
21 is concerned, okay?

22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 If it came up with him, and gee, wouldn't it

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1 be great if, you know, we could get something ready now
 2 for whenever we get the resumption of funds and so forth
 3 and so on. And there was obviously, and this is an
 4 important point to make, a great deal of tension at least
 5 from our perspective, mine, the CIA station chief, and on
 6 his part because the presence of these people [REDACTED]

7 [REDACTED] had, and I certainly must have added to the
 8 Ambassador's concerns, because these people were creating
 9 such a difficult situation [REDACTED]

10 [REDACTED]
 11 [REDACTED]

12 [REDACTED] can't you get those people under control?
 13 Can't you do it, look, they just do this and that, I mean
 14 it was just one headache after another.

15 Q So you had to find a way to get them into
 16 Nicaragua [REDACTED]

17 A I wanted them out [REDACTED] How they
 18 were going to get in? [REDACTED]

19 [REDACTED] They certainly had to get
 20 their act together and their guts in place and say no
 21 more [REDACTED] sanctuary, let's go in and fight the
 22 Sandinistas.

23 They were extremely -- and that is not an
 24 overstatement -- they were extremely reluctant to do so.
 25 Negro Chamorro to this day that I know of has yet to get

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1 inside Nicaragua. And the last time I remember Negro
2 Chamorro being inside Nicaragua was in 1983 when he
3 crossed the border [REDACTED] and
4 attacked, if you can imagine, a guard post, a guard house
5 30 meters or 30 yards inside Nicaragua. And then when he
6 started to get his, when the Sandinistas counter-
7 attacked, he ran to a telephone on the [REDACTED] side and
8 dialed me in Washington, D.C., at Langley headquarters
9 asking for mortars!

10 (Laughter.)

11 So help me God! And I asked him, where in the
12 hell are you calling from, and he said from the guard
13 post at [REDACTED]. He said, we are under attack, you need
14 to send me arms, and I said, you've got to be out of your
15 mind.

16 Q When was this?

17 A 1983. This is no joke. He called our outside
18 line.

19 Q Some of your messages reflect that the fact
20 that Chamorro did not have a lot of courage. Is that
21 right, that people were concerned that it was hard to get
22 him into Nicaragua to fight?

23 A That is an accurate representation. Yes, sir.
24 Well, getting back to this, if I may, if you don't mind I
25 would like to refer to some notes here that I wrote.

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1 Q No, that's fine.

2 A Immediately after the Tower Report came out to
3 correct some inaccuracies that I saw in there, that
4 question of the airstrip came up several times in the
5 Tower Commission Report. And just to give an
6 appreciation for what my recollection was at that time.

7 [REDACTED]
8 [REDACTED]

9 This refers to page C-12, right side of the
10 page in the Tower Commission Report. Partially quoted
11 as, learned of the airstrip project from a CIA field
12 officer.

13 MR. WILSON: That was Tambs.

14 THE WITNESS: My comment is this statement by
15 Ambassador Tambs is inaccurate. According to my
16 recollection, the continuing presence of the Nicaraguan
17 resistance elements [REDACTED] caused
18 constant political friction [REDACTED]

19 [REDACTED] who felt that these elements
20 were the responsibility of the U.S. government who had
21 been supporting them prior to the Boland Amendment cut
22 off.

23 Likewise, it was recognized that these
24 elements would not leave their [REDACTED] sanctuary
25 unless they could be routinely supplied inside southern

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1 Nicaragua. And there was no secure or practical means of
2 doing so other than by aerial resupply, which necessitated
3 a site in Costa Rica where the resupply aircraft could be
4 refueled.

5 BY MR. BARBADORO: (Resuming)

6 Q Let me ask about this. Oh, finish that.

7 A Coincidentally, there was a growing
8 apprehension [REDACTED]
9 [REDACTED] that the Sandinistas would use their
10 military capabilities [REDACTED] The
11 Sandinistas had already attacked [REDACTED]
12 [REDACTED] and did so with impunity.

13 Since Costa Rica has no army and depends on a
14 constabulary for its defense, authorities felt that other
15 arrangements for defensive resupply needed to be
16 considered -- that is, a landing field [REDACTED]
17 [REDACTED] where U.S. and other Rio Treaty pact nations could
18 land military aircraft.

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13 Q What did you understand this airstrip was
14 going to be used for?

15 A Initially I envisioned it as -- let me stop
16 there. Let me correct that. It my impression that at
17 the time [REDACTED]

18 [REDACTED] there was no thought, no thought
19 had been given either by Tambs and certainly not at that
20 point about who would build this airstrip, okay? It was
21 in the idea stage.

22 How it evolved, that the airstrip could be
23 built other than a U.S. government entity, it seems to me
24 that that came from -- that Tambs said, why don't we
25 raise it with Colonel North, with Ollie. Now, I am not

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1 sure of that, okay? And I'm not sure that it was even
2 discussed at that time. It just seemed like a good idea
3 to think about.

4 MR. LIMAN: You're not sure about what -- that
5 he suggested that it be raised with North?

6 THE WITNESS: In answer to Mr. Barbadoro's
7 question, there is, or I infer that he's trying to, or
8 what's he getting at is how, what was the thinking behind
9 this at that point. I don't think that there was. I
10 recall what happened subsequently, but at that point it
11 was gee, it would be great if we got their approval, as
12 though that was the first thing to do.

13 But there wasn't really anything after that as
14 to, well let's [REDACTED] it was
15 sort of to get them on board, and then we'll figure out
16 it will be done.

17 BY MR. BARBADORO: (Resuming)

18 Q In August it was a concept; you didn't have
19 the details down.

20 A That's right.

21 Q But the concept was to have an airfield for,
22 and resupply depot for the Contras, wasn't it?

23 A And [REDACTED]
24 [REDACTED]
25 [REDACTED]

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Q Who was going to do the resupply? That's my question.

A CIA.

Q Wasn't the Boland Amendment in effect?

A Oh, yes, yes. But please keep in mind that throughout this period there was always the optimistic view that within the foreseeable future forces, political forces, would be marshalled in Washington to overturn the Boland Amendment. Now maybe it was three months down the road or six months down the road. I don't think any of us could have survived in that job without feeling that way, okay?

Q So it was your hope that once you got approval for this that it could be constructed somehow or that when the CIA got back into business soon it would be used for resupply?

A That's right.

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[REDACTED]

I added, I said I wanted no Nicaraguan to ever know about the existence of this base [REDACTED] the air base.

MR. LIMAN: By Nicaraguan, you included Contras?

THE WITNESS: That's who I was talking about, okay?

MR. LIMAN: Okay.

THE WITNESS: Contras. Because I mean there is no such thing as a secret among the Contras. And in my mind if this was to be a viable CIA air operation, the minute we told the Contras that such a place existed, there wouldn't be an air operation. There wouldn't be anything secret about this place.

[REDACTED]

I was clearly thinking ahead to the point where we, CIA, would be able to have a secret place that was not known to the Contra elements.

BY MR. BARBADORO: (Resuming)

Q I understand. Now tell me, when did you first get an idea as to how this air field was actually going to be built?

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1 A Sometime after this -- a week, two weeks, I
2 don't recall -- the Ambassador called me into his office
3 and he said there is somebody here I want you to meet.
4 So I went in and there was a young man sitting in front
5 of his desk and he introduced him to me as Rob Owen.

6 I had heard about Rob Owen. We had numerous
7 reports about Rob Owen's activities in Costa Rica with
8 his contacts with the various Contra elements. However,
9 we had no contact with him nor were we really interested
10 in contact with him because he was an American citizen.

11 Q Did you know that he was associated with North
12 at this time?

13 A I did not know that he was associated with
14 North. I assumed that it was the Ambassador who told me
15 that he is associated with North. That was the first
16 definitive information I had that there was a definite
17 relationship between North and Owen.

18 Q Tell me what happened at that meeting.

19 A Now, to this day I still don't know, although
20 I have officially first-hand knowledge of who Rob Owen
21 was working for. I have read in the newspaper that he
22 was working for a firm here in Washington. But I didn't
23 know it then. And until he eventually went to work for
24 the State Department's Nicaraguan Humanitarian Assistance
25 Office, I didn't know.

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1 Q Tell me about that meeting.

2 A At that meeting, to the best of my
3 recollection, the Ambassador raised the issue of building
4 the airstrip with Rob Owen with words to the effect of
5 why don't you take a trip up there and have a look at it.

6 Q Had a site already been chosen?

7 A [REDACTED] chose the site in five
8 minutes. The only site that [REDACTED] would be adequate in
9 all of Costa Rica for this because of its isolation.

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[REDACTED]

Getting back to the meeting, Rob Owen agreed to go up and take a look at this site.

[REDACTED]

Q This was before the land had been purchased from Hamilton?

A Oh, yes. This was just to look at [REDACTED] just to take a look at the place.

Q And Tambs asked you to go with Owen to look at the site?

A I can't say that he asked me. I can't say how it developed. But we agreed that I would accompany Owen up there [REDACTED]

Q I understand. What happened next?

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1 A So we went up, flew up there in the [REDACTED]
2 [REDACTED] helicopter.

3 Q Who was with you?

4 A [REDACTED]
5 [REDACTED]
6 [REDACTED] So there was [REDACTED]
7 [REDACTED] Rob Owen, myself, and the pilot.

8 And we flew up to the site, and Rob walked it and took
9 photographs of it with a 35 millimeter camera. And then
10 we flew around the area and then we returned [REDACTED]
11 I later learned he took those films and delivered them to
12 Colonel North.

13 Q Did you have any discussion with Owen about
14 how the strip was going to be built?

15 A I don't remember. Well, yes, I guess we must
16 have. But there was only one way to build it because the
17 thing had hills or a mountain on each side and was sort
18 of an elongated canyon. And there was only one -- now
19 somebody had said that former General Somoza of Nicaragua
20 had a farm near there and that he used to land a plane
21 there whenever he came to spend his weekends. I am not
22 sure if that's true.

23 But the land was generally level. There was a
24 stream bed running through it. There were some trees
25 that would have had to have been knocked down. But it

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1 was totally isolated.

2 MR. LIMAN: How did you learn that Owen took
3 the films and delivered them to North?

4 THE WITNESS: Colonel North told me after he
5 received them and saw them. And that's where the --

6 BY MR. BARBADORO: (Resuming)

7 Q Did Owen tell you who was going to build the
8 strip?

9 A No, sir. That's really the end of Owen's
10 participation. Now let me just complete the contact with
11 Owen so that we don't misunderstand. Owen didn't have
12 anything to do with that activity after that. Owen
13 amazingly, in my view, had contact with a very wide
14 circle of people in the resistance movement. And what's
15 amazing about it is that he doesn't speak Spanish. But
16 he is a very engaging, highly intelligent individual.
17 And he wins people over. He knows how to ask questions.

18 And so, when the Ambassador introduced him to
19 me, I asked him about his interest in these people and he
20 said, well, he just keeps in touch with him, that he had
21 been a long-time friend of John Hull, and through John
22 Hull he had met a lot of these individuals [REDACTED]

23 [REDACTED]
24 Subsequently he volunteered a lot of
25 information to us, operational information, especially

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1 about the little conflicts among some of the groups that
2 we really didn't have a good handle on. We found his
3 information to be accurate in most cases. We found that
4 his, and we did not task him because we couldn't; as an
5 American citizen, he was merely volunteering this stuff
6 to us and we couldn't use him for intelligence
7 collection. But it was clear that his interests were
8 essentially our interests.

9 And at one point I recall ^C [REDACTED] saying that he
10 sure would like to recruit this guy as an Agency officer
11 because he was an extremely perceptive individual and he
12 had good instincts for the business. Contact existed
13 through, I guess -- well certainly he then joined the
14 Nicaraguan Humanitarian Affairs Office in the State
15 Department.

16 That's when, when he did that, then we did
17 have a much more operational relationship. We were able
18 then to ask him a lot of questions about things that
19 before we could only get from him on a voluntary basis.
20 After the Nicaraguan humanitarian affairs thing, I don't
21 think we had any contact with him at all.

22 Q Let's go back to the visit at the site of the
23 airstrip. Did you tell anybody in headquarters that you
24 had gone to look at the site of the airstrip?

25 A No. If I did, it would be in cable traffic.

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1 and I don't recall writing a cable about it.

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4 So I don't know. I don't know if I did a follow-up or
5 not.

6 Q Did you tell North that you had been out to
7 look at the airstrip?

8 A Oh, he knew it because Owen had returned from
9 Costa Rica and gave him the film.

10 Q When did you meet this fellow who identified
11 himself as Olmstead?

12 A Sometime after North told me he had received
13 the films of the strip. But I'm not sure of the sequence
14 of things. North told me that he was sending somebody
15 down to look into the possibility of building the
16 airstrip, which, of course, was kind of precipitous, in
17 my view, given the fact that we still didn't have, that
18 we hadn't resolved the Boland Amendment problem yet.

19 Q Let me stop here and go back to something.

20 A At that point he sent Olmstead down.

21 Q When did this conversation with North take
22 place when he told you about the films?

23 A Shortly after Owen returned and it was by
24 phone.

25 Q Did he initiate the call or did you?

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1 A Oh, I wouldn't know, because we were on the
2 phone frequently, on the secure line. Either he had a
3 question to clarify or I had something that I wanted to
4 bring to his attention. And, as I said, there were
5 periods where we would go weeks without talking to each
6 other and then some matter would come up which was of
7 some import and I'd get on the phone and I'd say, you
8 know, be sure you are aware that this is going on or that
9 is going on.

10 And maybe as a part of one of those
11 conversations either way, he could have said, he did say,
12 oh, look, a got the film.

13 Q Tell me as best as you can remember what he
14 said about the films.

15 A That he had the films and the place looked
16 like it might well be suitable for an airstrip. That he
17 was going to send this fellow down to take a look at it.
18 That's what I remember.

19 Q And what did you understand he was going to do
20 about this airstrip?

21 A Well at that point, nothing. I mean, it
22 wasn't even -- it was only a conceptual thing.

23 MR. LIMAN: Do he say he was sending someone
24 down to make some plans for building it?

25 THE WITNESS: Well, that was really --

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1 MR. LIMAN: Later?

2 THE WITNESS: Yes, that was later.

3 MR. LIMAN: He didn't talk to you about funds

4 in the phone call for building it?

5 THE WITNESS: He never talked to me about

6 funds.

7 MR. LIMAN: Never said --

8 THE WITNESS: Never said.

9 MR. LIMAN: Never said I will get the --

10 THE WITNESS: Never said a word to me about

11 funds at any time. And that's --

12 MR. LIMAN: Did he ever make a point of saying

13 to you that I'm never going to talk about funds with you?

14 THE WITNESS: No, sir.

15 MR. LIMAN: Did you ever ask him where he was

16 getting his funds?

17 THE WITNESS: No, sir.

18 MR. LIMAN: He never told you don't ask me?

19 THE WITNESS: No, no. Let me, let's get to

20 that for a moment. It was a matter of assumptions on my

21 part, perceptions -- okay? He talked about people

22 without identifying them -- that there were people who

23 were supportive -- and he used euphemisms -- supporters,

24 the private supporters, things like that.

25 MR. LIMAN: Patriotic Americans?

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1 THE WITNESS: Patriotic Americans. Good
2 Americans.

3 MR. LIMAN: Okay.

4 THE WITNESS: But in terms of cost, what would
5 it cost, that funds would come from A, B, or C, no, that
6 in terms of that, okay. I did later learn in very, in
7 sort of a very nebulous way, that when they eventually --
8 "they", the private, the good Americans -- made the deal
9 with Hamilton, that the arrangement -- and I'm not really
10 clear on this -- that the arrangement was purchase for
11 \$50,000 for the property, with a second \$50,000 in the
12 second year.

13 However, if they didn't come up with this
14 \$50,000 in the second year, then some sort of a
15 lease/note thing would come about and that the owner
16 would repossess the property.

17 MR. LIMAN: The owner was Hamilton, because we
18 have another Hamilton who's the Chair on the House
19 Committee. This is a different Hamilton.

20 THE WITNESS: Yes. For the record.

21 MR. BARBADORO: Do you want to take a lunch
22 break and come back in half an hour, 45 minutes?

23 (Whereupon, at 12:45 p.m., the taking of the
24 instant deposition recessed, to reconvene at 1:30 p.m.
25 the same day.)

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AFTERNOON SESSION

(1:33 p.m.)

Whereupon,

the witness herein, having been previously duly sworn,
was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. BARBADORO:

Q [REDACTED] before we broke for lunch, I
had asked you about when you first heard that this
Olmstead fellow would be coming down to Costa Rica. Can
you tell me when you first learned of that?

A Sometime after Owen had returned with the
photographs and Colonel North mentioned that he was
sending someone down to look into the possibility of
this, constructing an airstrip at this site.

Q Can you give me a month as to when you went
out to look at the airstrip with Owen?

A Rough guess, September.

Q Okay. How about a guess or estimate as to
when it was that Olmstead came down?

A Same month.

Q Did North mention a name of a person to you

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1 when he said someone would be coming down?

2 A Yes, he said he would be coming down,
3 mentioned the name of the person, and then he said that
4 he would -- I don't recall if North told me what name he
5 would be using or if it was Olmstead himself who told me
6 that he was using the name Olmstead, okay.

7 Q Did North give you the guy's real name?

8 A Yes.

9 Q What was his name?

10 A To the best of my recollection it was Haskell
11 or Hastings or the H-A-S or H-A-Z sound was -- I think it
12 was Haskell.

13 Q You think it was Haskell?

14 A I think it was Haskell.

15 Q How long after this phone call --

16 A Do you know his name? I mean, just out of
17 curiosity.

18 Q I believe it's Haskell. I do know his name
19 and I think you're right, it is Haskell. What else did
20 he tell you about this person?

21 A That he would be the responsible person for
22 looking into dealing with the owner of the property.
23 We're getting ahead of ourselves, though.

24 At some point after Owen took the film back,
25 but before Olmstead came down, North asked -- I think

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1 North asked the Ambassador, because they had contact too,
2 or he may have asked me; I know I talked to the
3 Ambassador about it, but how it got to that point I don't
4 remember -- who the owner of the property was. [REDACTED]

5 [REDACTED] told me, that the owner of this
6 property was an American.

7 Well, because of CIA restrictions about
8 dealing with Americans or any contact with Americans,
9 unless it's, because of the matter of an intelligence
10 relationship, we, I don't know if you're aware of this,
11 we have to inform an American when we talk to them who we
12 are. So I wanted to avoid that.

13 [REDACTED] told us that it was an American,
14 and it was a fellow by the name of Hamilton, not to be
15 confused with the Chairman, and that North asked, as I
16 say he either asked me or he asked the Ambassador, but
17 the Ambassador and I talked about it, could we find out,
18 or could it be determined if he was, if Hamilton was
19 someone who would cooperate with, who would be
20 cooperative. I don't think -- there's no with -- who
21 would be cooperative in terms of making this property
22 available.

23 [REDACTED] volunteered that he thought that the
24 fellow would be cooperative [REDACTED]
25 [REDACTED]

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[REDACTED] that the fellow

was a right-thinking individual.

In any case, I don't know where the Ambassador found out or how the Ambassador found out -- could again have been [REDACTED] -- that this fellow was from North Carolina. He was in the textile industry in North Carolina and he had a some sort of textile business in San Jose. So the Ambassador called up Senator Helms' office, in my presence, and he spoke to Senator Helms' Administrative Assistant, I believe.

And he asked him or her to find out what they could determine about this individual's political attitudes -- Tamba to Helms office, either that day or the next day or the day after, at some point in there. He received a call back from Helms's office.

Q In that first call did the Ambassador say why he wanted to know this?

A He said that this is an American businessman here in Costa Rica, and that he just wanted to know something about him. So, as I said, the subsequent call back, the answer was, he's all right, we guess, because he made contributions to both campaigns. And I just happen to remember that as being kind of an unusual

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1 comment by Senator Helms's office.

2 In any case, there was no derogatory
3 information about the individual, that he was strictly a
4 businessman. And then Olmstead came to town. It gets
5 very fuzzy in here, okay. So please bear with me.

6 Q Did Olmstead meet with you when he came to
7 town?

8 A Oh yes, when he came to town, yes. And I
9 learned that, I forget whether he -- he had some problem
10 with his passport, or he didn't have a passport, because
11 you can³² to Costa Rica on a tourist card just showing your
12 driver's license or some other form of identification.

13 And he didn't want to use his tourist card at
14 a hotel where he would have to show some identification
15 and he didn't want to use a credit card, if he even had
16 one. So he asked me how he could take care of that, and
17 I said well, just simply go into any of the smaller
18 hotels and tell them that you were fishing up country and
19 something, and you lost your passport and your wallet,
20 but you have some cash, and the passport is being
21 replaced, and they'll check you in.

22 And that's what he did. As I understand, he
23 did it on subsequent visits as well. So, I'm not sure if
24 he actually had a passport in the name of Olmstead or if
25 -- what the circumstances were in that regard.

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1 Summing it up, he met with Hamilton. He
2 negotiated a contract with Hamilton, which as I recall
3 was, and I met with him several times after that, to
4 receive from him a report on how it was going [REDACTED]
5 [REDACTED] But I didn't participate with him in
6 this thing, what seemed to be a protracted negotiation --
7 through October, November of 1985.

8 Q Did he stay down there or did he make several
9 trips?

10 A No, no. He would be down there for one, two
11 days, and then he would go back, and then he'd come back,
12 and so forth.

13 Q Did he tell whether he was going to buy the
14 property or lease it?

15 A He did say it, but I don't remember it. It
16 was one or the other, or a form of buy with or lease with
17 option to buy or buy with sort of a balloon note at the
18 end. In any case, there was a point at which, as I
19 understand from the Ambassador, from what the Ambassador
20 told me, that Hamilton did not want to get involved with
21 this group of businessmen that Olmstead represented.

22 Q Did Olmstead tell you what his story was to
23 Hamilton about what the property would be used for?

24 A Just as a group of businessmen who are
25 interested in putting up a tourist resort. It's my

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1 impression that at some point, Olmstead probably gave a
2 lot of winking to the guy who realized who, you know,
3 probably asked who would be putting up a tourist resort
4 in this place where there was no road for 20 miles.

5 I'm trying to keep the sequence of this, the
6 reason being that at some point the Ambassador contacted
7 Hamilton and told Hamilton that the place was to be used
8 for an activity in support of the Nicaraguan resistance
9 and that he, Hamilton, would be doing his country a
10 service.

11 Hamilton, as I recall the Ambassador telling
12 me, asked about the reliability or the trustworthiness of
13 these individuals that Olmstead represented. And the
14 Ambassador assured him that, gave him personal assurance,
15 that they were of the utmost trustworthiness.

16 Q Did Olmstead tell you who he was working for?

17 A No.

18 Q Did he tell you where the money was coming
19 from to pay Hamilton?

20 A No. As I said, the only time a figure was
21 raised was that figure of \$50,000, and I could be
22 mistaken on that. And I don't know how the \$50,000
23 worked as a mortgage payment.

24 Q Did you have at that time any idea where the
25 \$50,000 was coming from?

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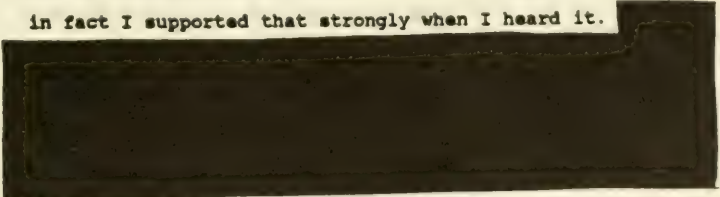
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1 A No, sir. In fact, I didn't hear that figure
2 until much later. I don't think I heard that figure
3 until much later. It's my impression that the figure of
4 the \$50,000 came up at some time later on, not during the
5 Olmstead discussions. Olmstead said that Hamilton was,
6 as part of the agreement for this year or two-year, a
7 year renewable, two for two years, agreement, that he
8 wanted a road put in from the highway to this property
9 which was adjacent to the coast through some of the most
10 rugged terrain in northern Costa Rica.

11 And to me that would have cost an enormous
12 amount of money to do it. I think that originally, until
13 they realized that how impossible this was, because these
14 were steep canyons as so forth, that probably out of good
15 faith, Olmstead said, had told he said that he had agreed
16 to putting in this road.

17 The other thing that Hamilton insisted on was
18 sinking a well at the site and finally, that the property
19 not be ecologically disturbed. This was important, and
20 in fact I supported that strongly when I heard it.



25 Not only that, along the strip of the cove

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1 just where the airstrip was to be built, about a quarter
2 of a mile from where the airstrip was to be built, is a
3 place where turtles come in and lay eggs, and it has been
4 a constant problem of poachers in the area coming and
5 taking the turtle eggs.

6 And so that was basically all that Hamilton
7 insisted on -- the road, the sinking of the well, and the
8 ecological portion of it -- all of which Hamilton told me
9 at one time or another. But the road --

10 MR. LIMAN: You mean Olmstead told you that.

11 THE WITNESS: Who did I say?

12 MR. LIMAN: Hamilton.

13 THE WITNESS: No, Hamilton. Olmstead told me
14 he had with Hamilton, the discussions he had with
15 Hamilton. And what else?

16 BY MR. BARBADORO: (Resuming)

17 Q Did this Olmstead/Haskell tell you anything
18 about what his relationship was to North?

19 A That they were good friends. North told me
20 that they were, that he was very, very close to this man.
21 He subsequently told me a few months later that Olmstead
22 was a Marine Corps officer who -- again, I might not have
23 it correct -- but that Olmstead had lost his eye and was
24 severely wounded in the face, and that North brought him
25 out from behind enemy lines in southeast Asia.

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1 And that the bond between them was very, very
 2 close. I understood that he was an accountant, or had an
 3 accounting business. And the other thing that North said
 4 was that he was doing all of this, going down to Costa
 5 Rica and so forth, at his own expense. At some point,
 6 after I think they had, and I'm not sure of this, but
 7 after they had either made the agreement with Hamilton or
 8 just before, Olmstead came down with a soils specialist,
 9 an engineer, Rafael Quintero.

10 There were four of them. Four or five people.

11 [REDACTED] I arranged, at their request, for these
 12 people to go up to do a survey of the area where the
 13 landing strip was to go in. I did not go with them to
 14 the site. I went with them -- I went to a place near by
 15 because I was worried about, you know, their helicopter
 16 crash or whatever these people. But I did not go to the
 17 strip with them so I don't know what they did there.

18 I subsequently heard them discussing what they
 19 found, and from what I could tell of their findings, they
 20 said that the soil was not suitable, that the place was
 21 not long enough for the purpose intended, that
 22 construction in that area because of its isolation would
 23 be very difficult. It was a very negative report.

24 Q The purpose intended was to build the
 25 airstrip?

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1 A Oh, yes, yes. That was, as I said, it was
2 either at the end of the negotiations or just after the
3 negotiations had been completed. And this would have
4 been November 1985. I frankly left that -- when I left
5 that meeting, I said, this thing is not going to go
6 anywhere. There's too many negatives, too impossible to
7 do.

8 The next that happened was that, and I don't,
9 I've never seen Olmstead since then. The next that
10 happened is that Quintero came down and Quintero
11 contracted [REDACTED]
12 [REDACTED] to start bringing in a grader and a bulldozer to
13 the site, and it had to be brought in over this 20-some
14 miles of canyons and mountains. And after that Quintero
15 just routinely told me how things were going, and none of
16 it went well.

17 Q When did you learn that the negotiations for
18 the purchase of the property were successful?

19 A November or so.

20 Q Did you report that to anybody?

21 A No. You mean to my headquarters?

22 Q Right.

23 A No.

24 Q You mentioned that Rafael Quintero came down
25 either shortly after or shortly before the negotiations

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1 were completed?

2 A We're getting ahead of ourselves. You just
3 reminded me of something. And we have to check the
4 chronology here. I don't know when Assistant Secretary
5 Abrams took over from Tony Motley as Assistant Secretary
6 for Latin America. The reason I'm bringing this up is
7 because --

8 MR. LIMAN: Spring of 1985.

9 THE WITNESS: That doesn't fit.

10 MR. BARBADORO: It was August of 1985.

11 MR. LIMAN: That's right.

12 THE WITNESS: That's right, it didn't fit. He
13 came down.

14 MR. LIMAN: He came down [REDACTED]

15 THE WITNESS: No, it wasn't [REDACTED]

16 Well, he came, this was sort of an orientation trip.

17 BY MR. BARBADORO: (Resuming)

18 Q It was in December of 1985 or November of
19 1985.

20 A All right. Well, it was in this period here,
21 okay.

22 Q The period while the negotiations were going
23 on for the purchase of the land?


24 A The reason your question triggered this, is
25 that, did you report this. The reason it triggered it is

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1 because when Abrams came down there, he asked or we
2 arranged as a matter of protocol, a briefing for Abrams.
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18 And then Abrams sat back and said, well now,
19 tell me about Point West. Obviously at this point, I had
20 assumed, I guess naively, that this was essentially a
21 matter of the Ambassador [REDACTED] with me kind of
22 sitting as a spectator listening and telling the
23 Ambassador and so forth. Essentially, I suppose, I
24 realized anyway, that this was at least unorthodox, my
25 involvement with it.

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1 But once I heard that, I was really shocked,
2 taken aback, first of all that he would come out and so
3 blatantly say, tell me all about Point West. Not only
4 that, he was saying it in front of two officers that had
5 no need to know, that he didn't even ask if they knew and
6 should they know. But obviously the outcome of all of it
7 was, that this was something that everybody in Washington
8 knew about, and here I was, [REDACTED] thinking
9 I had a real secret.

10 Q What did you tell Abrams?

11 A Oh, I told Abrams. I said, sir, up until now
12 I thought that in Costa Rica there were only four or five
13 people that knew about this place. Now, because of your
14 question, these two officers, who had no need to know,
15 now know. Oh, he said, I apologize. I'm sorry. I
16 didn't realize it. And I said, now tell me something,
17 Mr. Secretary, who up there knows? Oh, [REDACTED] and
18 Colonel North -- Ollie, and [REDACTED] or I asked him if
19 [REDACTED] knew. And he said, oh, yes, of course; this was the
20 RIG.

21 So I said, well, okay. On the one hand I was
22 upset because these two officers who were really, you
23 know, they weren't privy to this thing, and yet, it was a
24 relief on my part because my superiors knew.

25 Q Other than [REDACTED]

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1 [REDACTED] you hadn't told headquarters anything about
2 Point West, had you?

3 A As I said, I don't know if I did a follow-up
4 to that [REDACTED]

5 My recollection is that I probably didn't, I don't think
6 I did, but I may have.

7 MR. LIMAN: Do you recall when Admiral
8 Poindexter came down to Central America right after he
9 was named National Security Adviser in December of 1985?

10 THE WITNESS: Yes.

11 MR. LIMAN: Did you meet with him?

12 THE WITNESS: As part of the country team?

13 MR. LIMAN: Yes.

14 THE WITNESS: Yes.

15 MR. LIMAN: You did meet with him.

16 THE WITNESS: Yes.

17 MR. LIMAN: And Oliver North was with him?

18 THE WITNESS: And Oliver North was with him.

19 MR. LIMAN: Did you discuss Point West with
20 him?

21 THE WITNESS: No, sir. That was a meeting
22 with the country team, which consisted of the AID
23 Director, the Chief of the Economic Section, Chief of
24 Political Section, the Deputy Chief of Mission, the
25 Defense Attache, et cetera, et cetera.

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1 MR. LIMAN: It was just too public of a
2 meeting for you to discuss it?

3 THE WITNESS: Right. At that meeting, after
4 that meeting, at the end of it which took place outside
5 of the Embassy -- they were only in town for an hour, so
6 we didn't even have time to get all the way into the city
7 from the airport. At the end of that meeting [REDACTED]
8 [REDACTED] came and Admiral Poindexter invited him to the White
9 House for a photo opportunity.

10 And that had been already lined up in that the
11 offer would made, lined up in cable traffic, and so
12 C [REDACTED] who was present there too [REDACTED]
13 [REDACTED] visit with a special addition of the
14 visit to the Oval Office.

15 MR. LIMAN: Was this to show appreciation for
16 his assistance on Point West?

17 THE WITNESS: No. [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]

23 BY MR. BARBADORO: (Resuming)

24 Q Did you discuss Point West with [REDACTED] C
25 when he was down there with Poindexter for that trip in

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1 December?

2 A There wasn't enough time on that trip to even
3 discuss the really important things.

4 Q He was there only for a few hours.²

5 A Please, if I may give you an appreciation
6 about everything we are discussing here, Tom asked me,
7 Tom Wilson asked me some time back how much did all this
8 represent in terms of -- I'm talking about the air drops,
9 I'm talking about the air strip -- what did this
10 represent in the totality of your work. About one
11 percent of my time.

12 So when you're asking questions, asking me to
13 recall dates, there has to be something associated with
14 it because, believe me, if I had 15 minutes with [REDACTED] C I
15 wouldn't even have bothered asking about Point West,
16 because it really didn't mean anything to me in terms of
17 the much more important issues and problems that we had
18 with the overall [REDACTED]
19 [REDACTED] all of the other problems and
20 operations that we had going at the time.

21 Q When do you first recall discussing Point West
22 with [REDACTED] C

23 A I think it was at headquarters, and I can't
24 possibly remember the date. It could have been late '85;
25 it could have been early '86. I don't know how it came

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1 out, but [REDACTED] mentioned Point West and I said yeah, you
2 know, it's under construction or whatever it was.

3 Q Who brought up Point West, you or [REDACTED]

4 A I don't recall.

5 Q Did [REDACTED] appear to know about it?

6 A Oh, yes. Oh, definitely.

7 Let me bring up another name because it adds
8 to the totality of impression in my mind as to the level
9 of knowledge about Point West. As you mentioned earlier,
10 North and his family came to spend a few days with me and
11 my family on a completely personal trip. At the end --
12 forgive me if I interject some humor here -- North and I
13 had gone to [REDACTED] have him brief my staff on the
14 overall Washington view of the Nicaraguan situation.

15 We left from there and we went out to the
16 airport, where we were supposed to meet our wives and the
17 children, and my wife had taken his wife downtown for
18 shopping at the artsy-craftsy things. And the schedule
19 was that they were to leave at 1:30 on General Galvin's
20 aircraft. It's a MATS flight where there is space
21 available. And General Galvin was flying [REDACTED]
22 [REDACTED] to Atlanta, and the Norths were going to board
23 [REDACTED] and get off, of course, at Atlanta, which he
24 was entitled to.

25 So the arrangement was to meet at the airport,

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1 and, sure enough, we got there and the General was
2 waiting and they were loading the luggage and my wife
3 doesn't show up for 30 minutes, for 40 minutes, 60
4 minutes. The engines are turning. And we are, the
5 Ambassador, General Galvin, Colonel North and myself are
6 sitting in the executive section of the airplane and, of
7 course, I am extremely nervous, upset. My wife is
8 holding up a four-star general, et cetera.

9 But during that conversation, during the time
10 we were together, Colonel North gave General Galvin and
11 updated briefing on Point West and the Ambassador chiming
12 in and so forth. I was an observer. I wasn't asked for
13 any opinion, and North just simply told him what the
14 status of it was.

15 MR. LIMAN: So it was a widely held, closely
16 guarded secret?

17 (Laughter.)

18 THE WITNESS: Yes. And the end of the story
19 is finally that my wife showed up and we put them on the
20 plane, but they forgot their passports. So when they
21 arrived in Atlanta immigration gave them a hard time.

22 MR. LIMAN: That wouldn't stop Oliver North.

23 (Laughter.)

24 THE WITNESS: No, it did not.

25 MR. LIMAN: Probably some immigration officers

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1 have been fired.

2 (Laughter.)

3 THE WITNESS: That was what Tom wanted to
4 remind me, that there was this impression on my part that
5 this was an accepted undertaking, an acknowledged
6 undertaking.

7 BY MR. BARBADORO: (Resuming)

8 Q When did you meet Rafael Quintero?

9 A When that engineer and that soil specialist
10 came down to do the survey on the field.

11 Q Did North give you any advance warning he
12 would be coming down?

13 A Yes.

14 Q Did he explain who he was, what his
15 relationship was to this operation?

16 A He said I will put my hand in the fire for
17 this fellow. That's what he said.

18 MR. LIMAN: Really? Literally he said that?

19 THE WITNESS: Literally.

20 MR. LIMAN: Had you heard of Quintero before?

21 THE WITNESS: No. Later, of course, I was
22 reading Peter Maas' book "Manhunt," which I'd just pick up
23 for, you know, entertainment during ablutions, right, and
24 I saw the name and I almost choked, until I read it. You
25 know, he acted in a responsible way, given the

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1 circumstances he was in.

2 But I really did depend on the hand in the
3 fire recommendation.

4 BY MR. BARBADORO: (Resuming)

5 Q What was Quintero's role in the construction
6 of the air strip?

7 A He was the project manager. He was the guy
8 that, you know, got [REDACTED] to get the bulldozer and
9 paid the whatever it was. He never told me about
10 specifically how much it was costing, except he
11 constantly lamented of the fact that he thought the Costa
12 Rican was ripping them off, which, you know, is the cost
13 of doing business there.

14 Q Did he mention the name of the company that he
15 was working for?

16 A No.

17 Q Did you ever hear Udall mentioned?

18 A After the photo opportunity at the White
19 House, that afternoon was the first afternoon I heard
20 that name.

21 Q Okay. Is that the meeting with Secord?

22 A That's correct.

23 Q Okay. We'll get to that in a minute. How
24 frequently was Quintero down there when the construction
25 project was going on?

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1 A He made -- oh, I don't know -- more than five,
2 probably less than ten, trips.

3 Q Did he meet with you while he was down there?

4 A He'd check in with me. Sometimes he came in
5 and we'd talk on the phone. Sometimes we'd get together
6 for breakfast either on the way in or on the way out.

7 Q Did he update you on the progress of the air-
8 strip?

9 A (Nods in the affirmative.) Well, more or
10 less. Frankly, you know, update means that I am
11 interested and I ask appropriate questions. Frankly, I
12 didn't have that much interest in knowing what they were
13 up to. You know, I didn't really care. It's a strange
14 thing.

15 Q This was to be the air strip to resupply
16 the southern front troops. Weren't you concerned about
17 it?

18 A I never believed that the thing would ever get
19 off the ground. Okay? I never believed it, frankly.

20 Q Why not?

21 A Why not? Because it was a damn near
22 impossible situation. The isolation of the place. How
23 are you going to keep people there? How do you transport
24 pilots and mechanics? Where do you get the fuel from?
25 You couldn't get a 55-gallon drum of fuel into Costa Rica

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1 because it's a controlled material. It would have to be
2 floated up on a barge from one of the Pacific coast
3 ports.

4 They were going to fly in and they eventually
5 did fly in some gasoline up there. To me, for a clean
6 operation, unless it was a CIA air operation project
7 where you have the expertise and it's not a Mickey Mouse,
8 half-baked, maybe it's done this way or maybe it gets
9 done that way, but where you go in with a plan and, you
10 know, you put down a strip and it's going to work because
11 you've got the kind of people that will make it work.

12 What did we have here? We had [REDACTED]
13 [REDACTED] who was acting probably only himself --

14 Q [REDACTED]
15 A Yes, [REDACTED]

16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 When Quintero came down he was telling me all
22 about the problems he was having [REDACTED] I frankly
23 could care less. Okay? I say all that and probably the
24 record will look like that maybe I had more interest or
25 maybe others might say I had more interest. Well, even if

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1 you ask Quintero he'd say oh, yeah. But let me tell you
2 I was roleplaying, borne out by the fact that they never
3 did get the air strip finished.

4 The thing was leveled and graded, or it was
5 just leveled but never fully graded. And when the rainy
6 season came and it started to come apart, the work they
7 had done, it was a poorly constructed thing because that
8 stream bed, it eroded part of the air strip. They never
9 got what they -- the kind of administrative setup that
10 could have made the thing work.

11 And then, finally, when President Arias was
12 elected and then inaugurated and he said no to the use of
13 the strip, it became a non-issue.

14 Q Didn't you go out to visit the strip after
15 construction had begun on it?

16 A No.

17 Q So you had been at that strip one time?

18 A On the ground one time. I flew over it a
19 couple of times

20 [REDACTED] but only on
21 the ground once.

22 Q By the point at which Quintero started coming
23 down there regularly and started working on the
24 construction of the air strip you must have known that
25 this was not going to be a CIA air strip, didn't you?

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1 A I still had hopes, but I knew that if it was
2 ever to be a CIA air strip CIA would have to come in and
3 either finish the job or correct what had been done.

4 Q What did you understand these people to be
5 doing out there?

6 A Leveling, clearing a 6,000-foot runway, 120-
7 foot wide.

8 Q For what purpose?

9 A For the eventual use by CIA-contracted FDN
10 aircraft. Did I know? Yes. And/or private benefactor
11 aircraft.

12 Q So by December of '85 you had an idea that
13 there was a possibility there might be a private
14 benefactor use of this air strip?

15 A No, not by December. Maybe a little later.
16 Maybe by January, but not December. That thing really
17 hadn't gotten to the stage yet. I don't even think they
18 got the bulldozer in by December. They might have.

19 Now let me explain something else to you to
20 give you an example of my concerns. Quintero one day --
21 oh, excuse me. The DEA office in the Embassy called me
22 and said, look, we've got a call from the airport
23 authorities that they are holding a fellow out at the
24 airport that fit^s their drug stereotype profile and that
25 he was taken into a room and questioned and searched and

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1 no drugs were found.

2 But they started to go through his briefcase
3 and this was sometime, I guess, in April. Yes, it would
4 have been April, April or so. They started going through
5 his briefcase and he stopped them and he said, please
6 call this telephone number, and it was my number [REDACTED]

7 [REDACTED] And the airport authorities, instead of calling
8 that number, called the DEA office and said, look, would
9 you check this out, and they called me.

10 And so they gave me the name and I said yeah,
11 I know this fellow and that, as far as I know, he's okay.
12 So I met with him after that and said why did they stop
13 you, and he said well, because I was carrying \$5,000 in
14 cash for the use of paying bills and materials and so
15 forth. And I said, well, that's no problem. You know,
16 people can carry. What story did you give them? He
17 said, I was a cattle buyer.

18 Okay. And he said, but when they started
19 going through the briefcase I didn't want them to see
20 what I had, and I said well, what was that. And with
21 that he hands me envelopes, brown manila envelopes, the
22 White House, with photographs of the photo opportunity
23 with [REDACTED] and the President and myself and my
24 wife with the President.

25 And he said I felt that if the airport

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1 authorities see that, you know, that that would raise a
2 whole lot of other questions. I said, all right.

3 Now you can see that these people are not at
4 all professional.

5 Q Who was this?

6 A Quintero.

7 Q Quintero, and that had to be after March,
8 right?

9 A Oh, yeah. March was when the thing took
10 place. That's why I said it was probably April.

11 So one of the things he asked for was, he
12 says, can you help me get through the airport when I come
13 back because I don't want these people -- oh, they
14 apparently took his briefcase. They apparently took the
15 money into another room and they counted the money or --
16 no, they took the money into the room and when they
17 returned it to him, I asked him, I said, did you count
18 that money?

19 He said, well, I gave it a quick look and, he
20 says, I think they took a couple of hundred dollars from
21 the money. And I said, well, I think you probably did
22 well with that.

23 (Laughter.)

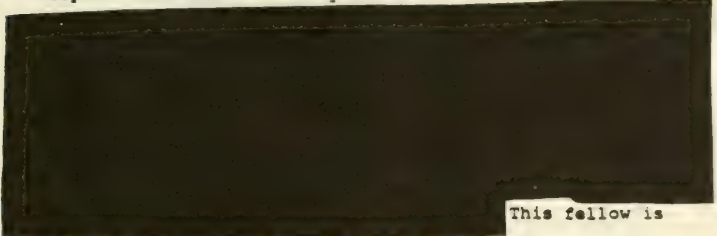
24 And the other thing he requested was some kind
25 of identification or ID, a good guy letter -- that's my

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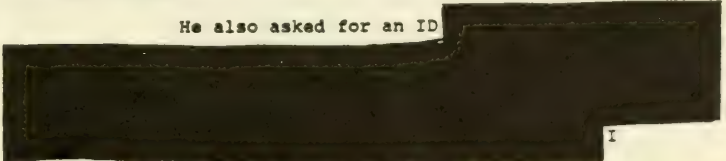
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term -- so that he could get through the airport without being hassled again if it's another crew on duty, of airport authorities on duty.



This fellow is of good reputation, blah, blah, blah, blah, et cetera, of good reputation, et cetera, and I gave him this letter.

He also asked for an ID



I decided that the letter was sufficient and I destroyed the ID. I never gave it to him.

One other matter is that he had in his briefcase a little cassette for the KL-43 that I had, the Secret/NOFORN, which North had also given him.

Q Tell me about North's visit in February. He brought his family with him?

A Yeah. I invited him down here, so, you know, our families could get together. I knew or I sensed that

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1 he was under a great deal of stress, as I was, and
2 together with our wives and the children we decided to
3 take three or four days off, and he was able to catch
4 military flights at that time. So it worked out well.

5 And we also had an agreement with our wives
6 that there would be no business discussed during that
7 period, and there wasn't.

8 Q Did you go to the beach?

9 A Yep. We went to the beach and the only thing
10 we talked about was the families, our hopes, dreams, his
11 experiences in southeast Asia, mine with the Agency.

12 Q You didn't discuss what that air field was
13 going to be used for?

14 A No. Really we didn't discuss it at all.
15 Yeah, the air field is being constructed, but that's all.
16 At some point -- and I don't think it was then -- he said
17 he wanted the Agency to pick up the tab on the air field,
18 but I can't say if it was then or not.

19 Q Wasn't that much later in maybe the summer of
20 '86?

21 A I don't know. I remember that he made that
22 comment about them picking up the tab on the air field.

23 Q Did he express any interest in going to see
24 the air field when he was down there in February?

25 A No, and I wouldn't have let him either.

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1 Q Why not?

2 A Because I don't think -- you know, having
3 Oliver North, who was well known to the Sandinistas,
4 running around northern Costa Rica. No. The fact that
5 we were together. He was with us within the context of a
6 family activity to the beach, back [REDACTED] and home
7 was enough. I don't even think he ever expressed an
8 interest in going up there.

9 Q At that point had there been any discussions
10 up to that point, at any time, with North about private
11 benefactors?

12 A I think you need to say more. In what sense?

13 Q Had there been any discussions about how these
14 contras in southern Nicaragua were going to be supplied
15 by February of '86?

16 A I don't remember any specifically. He never
17 talked about who the benefactors were or what kind of
18 money we're talking about. I mean, he really didn't, and
19 I'm grateful for it. Tell me about his business, okay?
20 And I think he probably knew I didn't want to know.

21 Q Did you tell him in January of '86 that the
22 agreement had been reached with the southern front
23 commanders of UNO?

24 A Oh, that was a matter of regular intel
25 reporting and he would have received all of the intel.

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1 intelligence, disseminated intelligence reports from all
2 of the activity.

3 Q Did you have any discussions with him about
4 that?

5 A Oh, sure, about all of the political things,
6 you know, but during that beach trip, no. We really
7 religiously tried to avoid shop talk. The wives insisted
8 on it.

9 Q Okay. Let's move away from the beach trip.
10 In January of '86 this agreement was signed and these
11 commanders went back into Nicaragua. At this point you
12 knew an air strip was under construction and that someone
13 was putting up money for the construction of this air
14 strip.

15 Did you have any thought that the same people
16 who were putting up the money for the air strip might be
17 willing to put some money to supply the southern front
18 forces?

19 A Thoughts like that didn't occur to me. Let me
20 try to explain it this way. At some point somebody asked
21 me, either the IG or the Tower Commission -- I guess it
22 was the Tower Commission -- did North ever tell you about
23 Project Democracy, and I said he used that term. What
24 did it mean to you? And I said I understood it to be
25 that kind of generic term like patriotic Americans that

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1 he used when he was referring to support for the
2 Nicaraguan resistance, that these were good Americans who
3 were willing to put up money in various quantities for
4 the support that these people needed to attain their
5 objectives.

6 To me, then, when you're talking about the air-
7 strip or that they were obtaining lethal supplies, to me
8 it all came out of the same pot. I didn't differentiate
9 it. I didn't know Udall, and I didn't know what other
10 entities there were. You know, I'm reading the
11 newspapers now. I've got a fairly good idea. None of
12 that was ever said to me by Oliver North, that there was
13 this or there was that or that money for this was going
14 for that.

15 He would refer occasionally to Project
16 Democracy. I thought it was sort of like the term he
17 would use for the all-American effort. I mean, he could
18 have used any term like that and that's the way I
19 interpreted it. I didn't know that it meant a specific
20 thing. Okay?

21 So I can understand where you're coming from
22 with your question. The problem I have -- and it almost
23 sounds a little naive -- well, didn't you know that
24 thing? Well, no. I understood that these were people
25 who on the one hand they would put up money to build this

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1 air strip; on the other, they might be giving an airplane
2 or something to the FDN.

3 Okay?

4 Q As a United States Government representative
5 [REDACTED] did you feel a responsibility for the
6 southern front troops that were sent into southern
7 Nicaragua?

8 A Of course.

9 Q Were you concerned about how they were going
10 to be supplied?

11 A I was concerned that they be supplied. I
12 didn't care who supplied them. These people were being
13 decimated and their existence not necessarily for our
14 purposes, which was U.S. policy objectives, but for their
15 own survival as human beings, required that they at least
16 have something to defend themselves with, that they have
17 the wherewithal to withstand the attacks of the people
18 inside, the attacks of the Sandinistas.

19 Let me tell you there is another aspect to
20 this which I don't think I have seen properly addressed
21 either in the press or dealing with the whole problem of
22 the southern front during this cutoff period. We found a
23 direct correlation between the activities of abuses --
24 and I am talking about very serious abuses -- by the
25 Sandinistas against the civilian populace when there was

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1 a ^{diminishment} ~~statement~~ of activity on the part of the resistance
 2 forces inside, as though the Sandinistas would then feel
 3 confident that they could go out, you know, take names,
 4 and --

5 Q I understand what you are saying.

6 A Now, so there was not only a concern for the
 7 people who were under arms; there was also a concern for
 8 the civilian population in the southern part of
 9 Nicaragua. The north might have been a different story,
 10 but in the southern part of Nicaragua there was this
 11 concern that when the resistance didn't have the arms
 12 that the civilian population suffered inordinate abuses.

13 So there was obviously a moral imperative at
 14 work here on my part that when or, rather, after I had
 15 persuaded these people for political reasons to return
 16 back to southern Nicaragua to carry the fight inside,
 17 while it may have served my own reasons to get them out
 18 [REDACTED] and the neutral territory, that they had
 19 done so on the basis of my persuasion that the funds
 20 would be coming forth from Congress.

21 There was also the moral imperative that once
 22 I sent them back in that the people inside, the civilian
 23 population, might be affected as well. Okay? Now, faced
 24 with that, when Oliver North said in early '86 that he
 25 was prepared to send a full flight load in of lethal

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1 material I said, well and that he asked me to handle the
2 coordination in terms of getting the drop zones and the
3 information from the commanders.

4 I said I will do that. I will take that
5 responsibility. Mr. Barbadoro, I didn't ask Director
6 Casey. I didn't ask Clair George. I didn't ask [REDACTED] C
7 [REDACTED] I didn't ask anybody. I made that decision on my
8 own to accept his offer.

9 Now once I did that, because I realized that
10 this Larry, Moe and Curley operation, from having seen
11 the way they handled the air strip, I did send a cable to
12 headquarters and I said the resistance forces are
13 expecting to receive from private benefactors a load of
14 arms, an air load of arms, and I asked for flight
15 information, flight path information, risk of hostile
16 forces, radar coverage -- the whole nine yards -- and
17 headquarters sent it to me not once but several times.

18 And nobody at headquarters came to me and said
19 tell me about how this is all working out, how are the
20 southern resistance commanders inside? They didn't ask
21 any logical clearly understandable questions like how are
22 the commanders inside getting the information about the
23 drop zones and the timing of the flight to the delivery
24 people, who by then I understood were at [REDACTED]

25 Nobody asked, and when they sent down this

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1 lengthy -- I mean pages --

6 nobody

7 asked for that flight how are the commanders in the field
8 getting that information to the benefactors.

9 I volunteered that at a later date and we'll
10 get into that as we go along.

11 Q When did he first offer this lethal resupply?

12 A Hold my feet to the fire, but it was January,
13 January or February -- and it didn't happen until April
14 because their planes couldn't make it, aborts. You know,
15 for the flight there must have been six aborts. I didn't
16 keep track or count, but it was a horrendous record.

17 I mean, it was send the information about
18 where the drop zone is and start a novena. That's the
19 way it ran.

20 (Laughter.)

21 Q Did you have any discussion with North during
22 the January discussion about whether this proposed lethal
23 resupply flight was legal?

24 A Yes, oh, yes.

25 Q Tell me what you remember about that.

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1 A And about what am I doing is legal. Is that
2 legal, Ollie? And he'd say yeah, you are passing
3 information. You are just passing information. You are
4 not coordinating. You are not running a military
5 operation. You are passing information; is that clear?
6 You are just passing information.

7 I said, fine, as long as that's the case, then
8 that's all I need to know.

9 Q Did he say anything about having legal
10 opinions on the subject?

11 A No, but I had, because we had been told at
12 some point -- I think it was December '85 when we had a
13 meeting [REDACTED] of the COSs -- that we were permitted to
14 share information with the contras. Oh, yeah, the other
15 aspect is -- and Tom just brought this to my attention --
16 is that part of that sharing of information, as I
17 understood it from [REDACTED] was that we were permitted to
18 share information which could be used for the secure
19 delivery of lethal equipment and materials.

20 Is that correct, sir?

21 Q What did [REDACTED] say that led you to understand
22 that?

23 A The secure delivery. That meant
24 communications, secure communications. That meant other
25 things involved in the secure delivery of materiel and

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1 that came out of an agreement worked between the House
2 and the Senate as a result of the \$27 million and the \$3
3 million communications provision.

4 Q Who gave you that understanding?

5 A [REDACTED] C

6 Q When?

7 A I don't know. Certainly during this period.
8 Oh, here's a good point. I tried to be as close to the
9 letter and spirit of the law as I possibly could. My
10 officers will tell you that time and time again I
11 cautioned them about the whole issue of what can we do,
12 how far can we go within the restrictions of the Boland
13 Amendment and all of the attendant other Agency-imposed
14 qualifications of that restriction.

15 There were times when some things were very
16 easy -- I mean, to be able to handle. There were times
17 when it really was a close call and I had to go back to
18 headquarters. Let me give you an example of one.

19 When we were allowed to provide communications
20 training and communications equipment, specifically
21 [REDACTED] radios, for the resistance fighting inside, and
22 that of course was one of the things that we were able to
23 provide to the commanders who signed the agreement in
24 January, part of the things that they carried back in
25 with them were the [REDACTED] radios, one-time pads, as

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1 well as we trained a couple of them so that they could
2 train others inside.

3 Well, we had the occasion about the same
4 period, early January, when we were going to send in some
5 Miskito Indians along the Atlantic coast and we had
6 trained them and given them radio equipment to take in
7 with them. Not only that. We purchased with
8 humanitarian funds the boats and motors so that they
9 could take the medical supplies and the radios in.

10 They came back to us and they said, hey, wait
11 a minute. You expect us to go up here along the Atlantic
12 coast at least 100 miles into Nicaraguan territory
13 without guns. How are we supposed to defend ourselves or
14 how are we supposed to protect the radio equipment that
15 you just gave us to take inside, plus the one-time pads
16 and the other thing? I said, well, good question.

17 I went back to headquarters and I asked them
18 the question, and they came back and they said well, no,
19 we can't provide them with weapons even if they are for
20 defensive purposes, but why don't you suggest to them
21 that they contact Negro Chamorro and ask him if they will
22 lend, if Negro will lend the Indians some weapons so that
23 they can carry them back in.

24 I thought that was a very Solomonian decision.
25 It was a judicious decision on their part to avoid the

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1 question and yet settle the problem. Now we tried that.
2 We followed that practice as much as we could. It wasn't
3 always simple. The questions at times were difficult,
4 but we did the best we could.

5 Q Let me move to a different subject.

6 A And let me get into one other thing, too.

7 Q I don't mind your counsel passing you notes. I
8 will say that if he wants to develop certain ideas with
9 you on the record he will have a chance to ask you any
10 questions. But go ahead, bring up the subject.

11 A Because I think it is relevant. You need to
12 make, or I think that the people looking into this
13 situation need to make a judgment call on the
14 difficulties that I was faced with in dealing with these
15 people who were not of a professional -- who were not
16 professionals by career, and yet were trying to enter or
17 get into areas where we had always practiced and followed
18 certain regimens and we would not have allowed some of
19 the things to happen that did happen, such as the
20 problems with the air strip and how to get through Costa
21 Rican customs and immigration with \$5,000 in their
22 pocket, and not carrying tapes or photographs at the same
23 time.

24 I want to bring this situation up because it
25 does impact on my personal responsibility as well as the

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1 judgmental aspects. During a discussion, and I think it
2 took place some time in the spring of '86 with Quintero,
3 I brought up the problem of the fact that these people
4 had, the people inside, had no ability to defend
5 themselves against Sandinista ambushes.

6 And one of the things, from our experience,
7 that would clearly have been helpful would be explosives,
8 demolition training. There were demolitions. There are
9 demolitions inside of Nicaragua and the resistance forces
10 inside can steal it or capture it, but they had no
11 ability to use it. They didn't know how to use it, at
12 least in terms of military usage.

13 And so Quintero said that he had, he thought
14 he knew somebody or had access to somebody that could
15 [REDACTED] do some training of some of Negro
16 Chamorro's people [REDACTED] and I
17 said, gee, that would be a nice idea and sort of let it
18 go at that. Next thing I know, I got a call or a message
19 from Quintero that he was sending in someone by the name
20 of Kenneth, Kenneth or Kevin, that would conduct training
21 of the resistance [REDACTED] of two or so people [REDACTED]
22 [REDACTED] and that they in turn could train others inside
23 Nicaragua.

24 All right, fine. The next thing I know, I got
25 a call from this Kenneth -- I can't remember his last

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1 name or even if he gave me one -- and he said he was
2 staying in room such and such at a local hotel. So he
3 said he was there to conduct the training of these
4 people. So I said, well, let me come over and talk to
5 you. I would like to know something about you, what kind
6 of person you are, fully intending only to provide an
7 introduction -- this is so and so, this is so and so --
8 and walk away from it.

9 Well, I went over and I found that he was a
10 very clean-cut young man. He had several books in
11 Spanish, Spanish language primers. He has some Spanish
12 but not nearly enough to work with, and he had said he
13 was making an earnest effort to improve the little that
14 he had.

15 I asked him about his background. He was very
16 reserved about it. He said a military background, and
17 that he had experience in demolitions work. He then gave
18 me a list of things he needed from hardware stores and so
19 forth, and I said look, friend, I'm not going to go out
20 to hardware stores looking. If you need this stuff for
21 your training activity, you go out and get it, and I
22 assume you have the money because you won't get any
23 money from me either.

24 So he says, okay. It will give me a chance to
25 learn my Spanish or to improve my Spanish, and he did.

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1 Several days later he calls me up and he says, okay, I've
 2 got all the material or I've got all of the tools and the
 3 stuff I needed from the hardware store and they just
 4 delivered the material. I said what do you mean? What
 5 material? He said the material that I'm going to teach
 6 these people to work with.

7 I said who delivered it? He says, I don't
 8 know. Some guy [REDACTED]
 9 just appeared at the hotel door with this material. And
 10 I understood what he was talking about, but I didn't
 11 understand what was behind all of this. But it was clear
 12 that they were explosives that had been delivered to his
 13 hotel room.

14 I said you stay right there. You don't leave
 15 that hotel. And I raced out of that, out of my office in
 16 virtually a state of panic because all I could envision
 17 is this American spending the next 20 years of his life
 18 in [REDACTED] jail for having a case of explosives in
 19 his room.

20 Well, I went to a phone, called the contact in
 21 the resistance and made an arrangement for him to pick up
 22 this fellow, to be introduced and pick up this fellow and
 23 to get him out of town. I went to the hotel, parked in
 24 front of the hotel in an unlicensed car, went upstairs to
 25 the room, and I told him let's pack the explosives. He

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1 had two cases of commercial plastic explosive.

2 I said [REDACTED]

3 [REDACTED] I am going to take this stuff from this room
4 downstairs. You check out of the hotel and you meet me
5 in my blue car outside. And that's what I did. I
6 carried -- there must have been 50 pounds each case,
7 trying to make it look like they were normal pieces of
8 luggage, walked out, stuck them in the car, took him,
9 made sure that we were not under surveillance, because I
10 was convinced that this was a setup. Somehow or other
11 this man had been discovered and somehow or other this
12 whole operation was going to go up in smoke.

13 And I felt that my responsibility was to it.
14 But what I think -- and I've never been able to determine
15 this yet -- I recall only being very mad at Quintero, but
16 I think what they did is they brought, they somehow
17 brought into the country or obtained in-country, this
18 commercial plastic explosive, and either [REDACTED]
19 or one of his minions delivered this to this guy's hotel
20 room.

21 Now, you know --

22 Q Where did you take the explosive?

23 A I turned it over to -- I mean, I carried him
24 and the explosives in my car to the resistance and then
25 he took it up-country and they blew it all up during the

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1 training period.

2 Q Did you tell Colonel North about this episode?

3 A No, I don't think so. I'm not sure that I

4 did, no.

5 Q Let me leave that and move to a different

6 subject. When did you get your KL-43?

7 A Early '86, I believe.

8 Q Who brought it to you?

9 A Quintero.

10 Q And had North told you that this would be

11 coming down?

12 A Yes.

13 Q What did he want you to use it for?

14 A Our communications.

15 Q Well, you were able to communicate with North

16 on secure telephone.

17 A Yeah, but that was only between 8:30 in the

18 morning and 4:30 in the afternoon, after which [REDACTED]

19 communications closes down. It wasn't available on

20 holidays. It wasn't available on weekends and it wasn't

21 available at night.

22 Q The CIA didn't have its own access to a secure

23 telephone?

24 A We had another secure telephone line, but it

25 didn't connect with North.

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1 Q Okay. So you understood that the purpose of
2 this KL-43 would be to communicate with North?

3 A And with Quintero.

4 Q What communications would you have with
5 Quintero that you would have to use a secure
6 communications device?

7 A Well, after the offer to send the lethal
8 material in -- and that was about the time -- well, maybe
9 it wasn't January; maybe it was even February -- when
10 this piece of equipment came down.

11 Q Where was Quintero when you would communicate?
12 I would assume it was for purposes of communicating the
13 intelligence information and the flight information
14 concerning the flight; is that right?

15 A Either Miami or [REDACTED]

16 Q And what was your understanding that Quintero
17 would do with the information once you transmitted it to
18 him?

19 A Coordinate the information with the pilot and
20 the crew that was flying the plane.

21 Q So you would call Quintero at either Miami or
22 [REDACTED] wherever the plane was, with the information?

23 A No, no. Where he was. I never knew that the
24 plane was anyplace else other than [REDACTED] If he was
25 in Miami he would communicate with his people and I

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1 didn't know who they were, who were in [REDACTED]
2 presumably by the same secure method, and tell them that
3 the commanders had this drop zone or whatever the
4 information pertained to the operation.

5 Q Did you ever speak directly using this device
6 to people at [REDACTED]

7 A No. Well, only to Quintero. There were only
8 two people that I used this device with -- Quintero and
9 North. And I used it with Quintero when he was either at
10 [REDACTED] or at Miami, and with North only when he was in
11 Washington and I couldn't talk to him on the secure line.

12 Q [REDACTED] did you participate in the
13 planning of these air drops?

14 A No.

15 Q Did you play any role in deciding when
16 equipment had to be dropped, how much equipment had to be
17 dropped, where it had to be dropped?

18 A Please understand that neither the station nor
19 I, nor even the communications center or the remnants of
20 the little support staff that the armed resistance had [REDACTED]
21 [REDACTED] had any influence or control over what was
22 happening inside. The commanders were autonomous. They
23 decided the targets they were going to have. They
24 decided what their situation was and they told us we can
25 take a delivery within the next 48 hours or the next 24

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1 hours or, as happened on occasion, they had a delivery
2 scheduled within 24 hours and they said we can't; we are
3 being pursued. We have to change. Will advise you.
4 Being pursued by the Sandinistas.

5 They picked the time and the schedule, and as
6 far as location is concerned they would give us a
7 location where they thought they were. When the aircraft
8 got into the area, they might be seven, eight kilometers
9 away because they weren't able to read maps. They would
10 say, we are, say, three kilometers from the bend in the
11 river.

12 Well, they wouldn't know or they didn't
13 realize that there was a bend in the river that
14 topographically or from the air looked identical to the
15 bend in the river where they were. So they couldn't even
16 give us map coordinates.

17 And I want to try to answer the last part of
18 your question. Toward the end, in September, what we did
19 was [REDACTED] working with the resistance [REDACTED]
20 was to pick out this bend in the river (indicating), and
21 then we'd figure out the coordinates or the resistance [REDACTED]
22 [REDACTED] would figure out the coordinates and the
23 communications center [REDACTED] the resistance
24 communications center, would tell the commanders, all
25 right, this is -- when you go to this spot, walk in a

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1 northwest direction three kilometers and then this way
2 (indicating).

3 Then that's where the thing will be, and then
4 there would be an alternate. But that was done because
5 the equipment kept getting lost or the commanders inside
6 would give the wrong place. So in terms of what input
7 was [REDACTED] that was the only input. It was the
8 private benefactors who told us when and what they were
9 delivering and when they were going to deliver it.

10 We had no control over that. We couldn't even
11 call it off.

12 Q So it's your testimony that you didn't
13 participate in the planning but you were simply given
14 information as to when, where, what, was being dropped?

15 A That's correct. That's correct.

16 Q Was it your objective to create a 2/500-man
17 force?

18 A I would like to respond to that with the
19 answer that I prepared in response to the appearance of
20 that question in the Tower Commission, if you will permit
21 me.

22 Q Sure.

23 A I don't know what the exact terms are, but the
24 reference to my message to North is on page C-8, right
25 side of the page, which quotes, in part, "My objective is

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1 the creation of a 2,500-man force which can strike
2 northwest and link up with Quiche to form solid southern
3 force." My comment is as follows.

4 The portion of the April 12, 1986 message
5 which mentions the creation of a 2,500-man force reflects
6 a poor choice of words on my part and needs explanation.
7 First, the message should be understood in the context of
8 an informal communication and, as such, was written in an
9 offhanded style. It was obviously not meant to be
10 anything more than a simple direct expression of an
11 ideal, perhaps unattainable, situation.

12 Secondly, in a more appropriate choice of
13 words I might have cited the expectation of the southern
14 front commanders, whose views I was essentially
15 representing as my own, and the exhortation that all of
16 USG and resistance elements pull together in support of
17 the southern front, including the NSC.

18 For the record, the message represented a bit
19 of brainstorming and I subsequently wrote an identical
20 cable to headquarters in a ^{back} ~~staff~~ channel message. The
21 existence of this cable was made known to the Office of
22 the Inspector General and I used exactly those terms with
23 exactly the same proposition, that bring the FDN force
24 operating at the northern part of southern Nicaragua
25 together with the southern front.

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1 Q You have just read verbatim from notes that
2 you prepared earlier on this subject?

3 A Immediately after the Tower report was issued.

4 Q And those notes that you read from there are
5 essentially your response to several things, several
6 inaccuracies in the Tower report?

7 A Yep.

8 Q Would you be willing to give us a copy of
9 that?

10 MR. WILSON: Well, these were prepared for us,
11 Paul, for the lawyers' use.

12 MR. BARBADORO: But he has used it to refresh
13 his recollection. He has also read some parts verbatim
14 into the record. Certainly under the rules I would be
15 entitled to it and I may push it, but I will just ask you
16 now would you be willing to give it to us.

17 MR. WILSON: We don't have any objection.

18 BY MR. BARBADORO: (Resuming)

19 Q Okay.

20 A Some of it, of course, is conceptual in terms
21 of references that are made to the cutoff and so forth,
22 and obviously things that I found interesting. There are
23 some things that I think are very -- that are essential
24 to the question especially about the air strip because
25 they refer to things in there that are definitely

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1 inaccurate, according to my information.

2 Q Well, that will be helpful and we can go over
3 that later. Let me mark the April 12 message that has
4 been referred to as [REDACTED] Exhibit 5.

5 (The document referred to was
6 marked [REDACTED] Exhibit Number 5
7 for identification.)

8 Take a look at Exhibit 5. I think that is the
9 cable that you referred to in your last answer; is that
10 right -- excuse me, the KL-43 message that you referred
11 to?

12 A Yes. That's interesting. I covered a whole
13 gamut of things.

14 Q Is that a copy of a message -- and I am
15 referring now to [REDACTED] Exhibit 5 -- is that a copy of
16 a message that you sent to Colonel North on April 12?

17 A Yes, it is. Well, I don't know the date. I
18 am accepting what is written on there. Was there a date
19 on it? Yes, that's fine. Okay.

20 Q And that message does use the phrase "my
21 objective", to begin a sentence saying "My objective is
22 creation of a 2,500-man force." Is it your testimony
23 today that when you used "my objective" that you did not
24 mean my objective, that you mean to refer to the southern
25 front commander's objective?

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1 A I'll stand by what I read from my notes in
2 that within the context of representing I was
3 representing the views of the commanders as well as my
4 own, as my own ideal of what I would have hoped a
5 situation could eventually be. It was a bit of
6 brainstorming.

7 Q Okay. Did I also hear you correctly that you
8 sent an operational cable to CIA headquarters that used
9 the phrase "my objective" in connection with the
10 discussion of a 2,500-man force?

11 A I was more formal, as I recall, in my cable to
12 headquarters in that I probably would not have used the
13 first person. I would have said the objective should be
14 to have, et cetera, et cetera.

15 Q Was that cable sent around the same time?

16 A Maybe within the following two to three weeks.
17 That's my best recollection of that.

18 Q Okay. [REDACTED] Exhibit 5 also says "our
19 plans during the next two to three weeks includes air
20 drop [REDACTED]
21 [REDACTED] maritime deliveries, NHAO supplies to same, NHAO
22 supply to UNO/SOUTH, but with certified airworthy
23 aircraft, et cetera.

24 Is it your testimony that the use of the
25 phrase "our plans" refers to the plans of the southern

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1 front commanders rather than your plans?

2 A Sure. It's short for the southern front
3 position.

4 Q I would like the next three exhibits marked.
5 The message headed "4/15/86" is 6.

6 (The document referred to was
7 marked Exhibit Number 6
8 for identification.)

9 The message headed "6/16/86" is

10 7.

11 (The document referred to was
12 marked Exhibit Number 7
13 for identification.)

14 And the message headed "2000 Hours, 30 June"
15 is 8.

16 (The document referred to was
17 marked Fernandez Exhibit Number 8
18 for identification.)

19 Take a look at 6, 7, and 8, please,

20
21 A I did not send this message.

22 Q You are referring to Exhibit 77

23 A That is correct.

24 MR. WILSON: Read it carefully,

25 THE WITNESS: That's correct. I did not send

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1 this message.

2 BY MR. BARBADORO: (Resuming)

3 Q Did you receive it?

4 A I do not recall ever receiving this message.

5 MR. LIMAN: Have you seen this before?

6 THE WITNESS: I was shown this message. I
7 believe I was shown this message by either the IG or the
8 Tower Commission, and in my notes I referred to this. I
9 think I referred to it. Is this the one that's referred
10 to where I say no way did I -- no, it's the next page,
11 next one.

12 Ah, field officer sent another secure message,
13 page C-8, first paragraph, right side. I will read it.
14 Quoting from the Tower Commission Report, page C-8, "(4)
15 Three days later the field officer sent another secure
16 message to confirm a delivery to an air base in a Central
17 American country." And my comment: the field officer
18 they are referring to is me because it follows a previous
19 paragraph which said, which refers to a cable I did send.
20 End of my comment.

21 He tells Lieutenant Colonel North the delivery
22 is loaded with ammunition for your friends. He asks
23 Lieutenant Colonel North when and where do you want this
24 stuff. We are prepared to deliver it as soon as you call
25 for it. My comment to that was: I did not, as stated the

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comment above, I did not send this message. Furthermore, the question asked in the alleged message implies that I had control of material and was prepared to deliver it. It also implies that I had some means of delivery.

Q So that the record is clear, take a look at [REDACTED] 6. Did you send North that message?

A No, I did not.

MR. LIMAN: Is that the message that you have just been referring to?

THE WITNESS: That's the message that I was referring to.

MR. LIMAN: Not 7?

THE WITNESS: I suppose not.

MR. LIMAN: Now look at 7.

THE WITNESS: I did not send this message.

MR. LIMAN: You did not send 7 either?

THE WITNESS: No, and I don't believe I received this message either -- received or send.

(A discussion was held off the record.)

MR. LIMAN: Let's go back on the record. We are now referring to Exhibit 6. It is addressed to you, isn't it, [REDACTED]?

THE WITNESS: Yes, it is. I did receive this one. I recall receiving this one.

MR. LIMAN: Do you know what the BT at the end

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1 of a message means?

2 THE WITNESS: It was Ollie's signoff. Okay?
3 Yes, it would make sense if I received it. I had looked
4 at it because of the Tower Commission as though I had
5 sent it. I didn't send that. It looks familiar. I
6 would say yes, I did receive it. This one (indicating),
7 if I may, again --

8 MR. LIMAN: Now look at 7, which also looks
9 like it was sent addressed to you and signed BT, North,
10 and read it with that in mind.

11 (Pause.)

12 THE WITNESS: Geez. I don't remember seeing
13 this one.

14 MR. LIMAN: You don't remember seeing it?

15 THE WITNESS: Well, let me look at it and
16 concentrate on it.

17 (Pause.)

18 I know we talked about that subject, the
19 mountain leprosy.

20 MR. LIMAN: Do you have any recollection of
21 that message as such?

22 THE WITNESS: Parts of it.

23 MR. LIMAN: It's fair to say, as you sit here
24 today, you cannot say definitively whether or not you
25 received it? You may have and you may not have?

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1 THE WITNESS: Gee. I want to be totally
2 precise with you on it.

3 MR. LIMAN: But you either have a
4 recollection.

5 THE WITNESS: Some of it looks familiar, some
6 references look familiar, but I don't ever recall him
7 telling me anything about pilots and the repair people.
8 That's the first thing that strikes me, the fact that
9 they didn't see the zone lights. That was frequently
10 mentioned. I mean, that wasn't the first time.

11 I remember him saying at one point that he
12 wanted Ralph on the scene to better handle the
13 transmission of information from the commanders through
14 me so that he would be right there and could talk to
15 [REDACTED] and come back to me. And I know I asked for the
16 mountain leprosy medicine. That was a constant request.

17 I would have to say that even though I don't
18 recognize this message specifically that the contents of
19 it, that in the contents there are things which I do
20 recall receiving.

21 MR. LIMAN: All right.

22 BY MR. BARBADORO: (Resuming)

23 Q Now the last one, which is [REDACTED] Exhibit
24 8. Did you sent that message to North?

25 A Fine. This is my message.

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1 MR. LIMAN: This is my message, he said. Let
2 the record reflect that he is reading the message to
3 himself.

4 (Pause.)

5 THE WITNESS: Yes, I sent this message in the
6 case of sending the two qualified men. It was apparent
7 that the field commanders were having difficulty in
8 either receiving the drops or something and the support
9 staff of the resistance people [REDACTED] wanted to send
10 two qualified -- and I don't know what they mean by
11 "qualified", but it just occurs to me that it was either
12 qualified in handling communications or qualified in
13 setting up a drop zone, and so they were prepared to send
14 some people in for the purpose of the coordination
15 inside.

16 And that's all.

17 BY MR. BARBADORO: (Resuming)

18 Q Let me ask you something about this message.
19 The message appears to have two paragraphs to it. The
20 first paragraph ends "Need July cassette, [REDACTED]" Is that
21 the end of your message?

22 A I never signed mine [REDACTED] first of all.
23 Whoever wrote that message was taking it off the machine
24 and simply substituted my signoff and this other thing
25 here (indicating). I assume that the person who received

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1 this message -- and I don't know where this went to or to
2 whom it went. Let me see if I can decipher it.

3 Q Do you remember who you sent that message to?

4 A You see, I would have sent that to Ralph.

5 Q Quintero you are talking about?

6 A Yes, to Rafael Quintero.

7 Q What looks like a second paragraph says:

8 "From Ralph" Is that something that you send?

9 A No. Let me try to explain. There were times
10 when -- and I assume that this would have been one of the
11 occasions and this is from Ralph who told me this, that
12 there were occasions when he would take and relay my
13 message to North verbatim. In other words, he'd get back
14 on his machine and he would relay it.

15 On occasion I received from Rafael, from
16 Ralph, messages that North had sent him verbatim. Okay?
17 That often happened -- well, not often happened, but that
18 happened when, for example, North couldn't get a hold of
19 me and he had to leave on a trip or he was going out of
20 town or he had to go to a meeting. So he would send the
21 message to Rafael because there were times I was out of
22 contact with either my office or my home or he would call
23 me late at night when it was convenient for him.

24 And he would then relay North's message to me.
25 I can only assume that the person who wrote this piece of

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1 paper received two messages. The first one I remember
2 writing that message. The second one I don't. I assume
3 it was from Ralph but not through me or from me.

4 Q That's what I wanted to know. Thanks. The
5 message, the part that you sent, says, in one part of it,
6 the sentence begins "Even so, we are making new efforts,
7 sending two qualified men by boat 1 July." What is that
8 referring to?

9 A As I said earlier, it refers to that there
10 were problems inside. I don't recall exactly what they
11 were now. The people that were going in were people from
12 the resistance support staff [REDACTED] I mean, we
13 didn't send Americans in. These were their people going
14 in.

15 Again, it's a question of shorthand.

16 Q You meant they, they sending in?

17 A Well, most of the trips, as I recall, most of
18 the trips of the people who went inside, such as these
19 people here went in with our money because they were
20 going in on an intelligence mission, either for the
21 purposes of intelligence collection or for coordination
22 of intelligence information regarding the secure delivery
23 of supplies or to carry in extra communications equipment
24 or to carry in medicines or food and so forth, as in the
25 case of the boat going in.

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1 So there is a mix back and forth between one
2 thing and another. When I said "sending two people in",
3 more than likely we paid their expenses for getting back
4 inside.

5 Q Well, this message says, it follows that
6 sentence I read to you: "One to Commander Gonzo, one to
7 Commander Ramon to set up secure drop zone area and
8 organize reception." Are you telling me that these
9 people were paid by the CIA to go in and do that?

10 A Boy, you are putting me on the spot. I don't
11 remember, you know, in that particular case. I would
12 say, hypothetically speaking, that if we were sending a
13 support staff person [REDACTED] to Gonzo and to Ramon
14 to set up drop zone, secure and for the safe delivery,
15 yeah, we would have paid his expenses to go inside,
16 that's correct. That would have been a legitimate, in my
17 estimation, a legitimate function.

18 That was hypothetical. To give you a
19 definitive answer, I'd have to know more, and I can't
20 recall it from the circumstances, as they are presented
21 there.

22 Q I'd like to go into a new area.

23 MR. LIMAN: I'd like to ask something. This
24 might be something that you have covered. But during the
25 period from, let's say, the fall of 1985 to the fall of

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1 '86, how often would you communicate with North?

2 THE WITNESS: There were periods when I didn't
3 talk to him for five or six weeks, and there were times
4 when I would talk to him three or four times over a
5 period of several days.

6 MR. LIMAN: Did you have more contact with him
7 than with [REDACTED]?

8 THE WITNESS: Counting cable traffic, no --
9 [REDACTED] much more. I mean, our cable traffic was running
10 approximately 1,200 cables a month, all to the Central
11 American Task Force, and, incoming 3,000-3,100 a month.

12 MR. LIMAN: Were there things that you
13 communicated to North that you would not have
14 communicated to [REDACTED]?

15 THE WITNESS: Yes.

16 MR. LIMAN: Give me some illustrations.

17 THE WITNESS: When I was attempting to block
18 some of [REDACTED] political moves, especially where [REDACTED]
19 [REDACTED] were concerned, I enlisted North so that
20 -- and it also occurred with some of the shenanigans of
21 Arturo Cruz -- I enlisted North to be my advocate or the
22 advocate of my views at the RIG.

23 MR. LIMAN: And why was that?

24 THE WITNESS: Because I believed [REDACTED] was
25 wrong. [REDACTED] was coming from a --

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1 (A discussion was held off the record.)

2 MR. LIMAN: Back on the record.

3 What you have just said is that there were
4 some issues where you felt that it was important that
5 they be aired at the RIG and that you used North as the
6 channel to obtain that airing. Is that fair to say?

7 THE WITNESS: Yes, it is. And, to expand on
8 that, that he act as an advocate for the views that I
9 held concerning these political problems.

10 MR. LIMAN: This may have been covered, and if
11 it has been just cut me off. When North came down for
12 that short vacation with his wife you observed that he
13 was a man who was tired; am I correct?

14 THE WITNESS: Yes.

15 MR. LIMAN: He had been working very hard?

16 THE WITNESS: Oh, yes.

17 MR. LIMAN: Did he tell you that he had been
18 working on the hostage release problem?

19 THE WITNESS: No, sir.

20 MR. LIMAN: Did he tell you --

21 THE WITNESS: He did not say it at that time.

22 MR. LIMAN: Did he tell you that he was
23 hopeful of getting some money from any source for the
24 contras?

25 THE WITNESS: No, sir.

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1 MR. LIMAN: Did he ever discuss with you the
2 possibility during that visit, the possibility of getting
3 money other than from Congress?

4 THE WITNESS: No, sir.

5 MR. LIMAN: Now you say he didn't tell you
6 about the hostages at that time.

7 THE WITNESS: Correct.

8 MR. LIMAN: When did he tell you about the
9 hostage mission?

10 THE WITNESS: One night here in Washington we
11 got together for a couple of beers.

12 MR. LIMAN: Was this while he was still at the
13 NSC?

14 THE WITNESS: Yes, and he drove me back to the
15 hotel and we were sitting in the carport of the hotel and
16 he told me that Bill Buckley had been tortured and
17 killed. He knew that I knew Buckley. He broke down and
18 started crying, causing me to do the same thing. It was
19 the first indication that I had that he was involved in
20 any way with any hostages, the first and only indication,
21 and that he had apparently been engaged in some effort to
22 get Buckley released.

23 But it was a terribly emotional moment for
24 both of us.

25 MR. LIMAN: Did he ever tell you that he was

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1 generating any money from Iran to help the contras?

2 THE WITNESS: At no time, in no way, did he
3 ever, thankfully, mention to me that he had anything to
4 do with that. The first time I heard of it was when
5 Attorney General Meese spoke of it in November.

6 MR. LIMAN: Did he ever tell you that any of
7 the money for the contras was coming from foreign
8 governments?

9 THE WITNESS: No, I don't think he ever
10 mentioned that. I think perhaps that [REDACTED] C
11 mentioned something, but in very vague terms, and then
12 after the announcement by Attorney General Meese [REDACTED] C
13 did tell me about the mixup of the bank account
14 instructions for the Brunei matter in the context that he
15 was just dumbfounded at what Assistant Secretary Abrams
16 had done.

17 MR. LIMAN: During this period when you were
18 station chief was there a sense on your part that the
19 southern front was getting shortchanged compared to the
20 FDN?

21 THE WITNESS: Well, you know, you are always
22 dealing from perceptions in that. Yes, sure I did.

23 MR. LIMAN: And I gather you identified
24 yourself with the people you were working with in the
25 southern front?

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1 THE WITNESS: That's correct.

2 MR. LIMAN: And you became their advocate?

3 THE WITNESS: In the ^{council} ~~council~~ of the Central
4 American Task Force, yes, that's very true.

5 MR. LIMAN: Go ahead.

6 THE WITNESS: But then no more or no less than
7 my counterpart [REDACTED]

8 BY MR. BARBADORO: (Resuming)

9 Q That he was being an advocate for the FDN?

10 A You're darn right he was.

11 Q How many resupply drops --

12 A And we are very close friends. It's just that
13 it was a lot tougher and it took a lot more effort to get
14 stuff to us and it was a lot easier to get stuff to them,
15 and we didn't get anything except for the one flight in
16 April until later on, and it was a matter of the FDN
17 certainly didn't want to deliver anything to the people
18 in the south because they wanted to take care of
19 themselves first.

20 So the people in the south were left, you
21 know, to the benevolence of the private people that were
22 connected to Ollie.

23 Q How many resupply flights were there?

24 A To the best of my ability there were nine.

25 Q What did they contain, those flights?

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1 A Ammunition, grenades, mortar rounds, some
2 rifles, some machine guns.

3 Q How about humanitarian aid, non-lethal aid?
4 Was that also on these flights?

5 A It was not on any of the private flights.

6 MR. LIMAN: It was or was not?

7 THE WITNESS: There was no non-lethal material
8 on any of these.

9 MR. LIMAN: These nine flights?

10 THE WITNESS: The private flights, not even
11 the mountain leprosy. I never got -- that all ended up
12 at the FDN.

13 BY MR. BARBADORO: (Resuming)

14 Q Were there flights with just humanitarian aid
15 on it?

16 A Yes, sent by the Nicaraguan Humanitarian
17 Affairs Office.

18 Q How many of those?

19 A One or two. I think there were two.

20 Q So during this period, January '86 until the
21 CIA got back in the resupply business?

22 A No, no. Wait a minute. Go back to spring of
23 '84.

24 Q Okay, from the spring of '84 until the CIA got
25 back in there were eleven?

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1 A Excuse me. Let me even clarify that more.
2 From the spring of '84 until January 24, 1987, the only
3 supplies that reached these people were the humanitarian
4 supplies, one or two flights, and the nine flights of
5 lethal equipment delivered by the private sources. The
6 money was approved and in CIA's hands, and this is a sore
7 point, Mr. Liman, on October 24, 1986, physically in
8 their hands. The first resupply flight to reach those
9 people was January 24, 1987 -- three months later.

10 Q Approximately how many people were out in the
11 field then?

12 A Now?

13 Q No, back then in '86.

14 A [REDACTED]

15 Q Were these flights enough to supply them?

16 A Oh, no.

17 Q Are you in a position to estimate the value of
18 the lethal assistance that was given to them?

19 A I have no idea. I don't even know what a
20 bullet's worth.

21 Q Was any record made of what was going to them
22 as far as lethal assistance?

23 A Whenever a drop was made the commanders, as
24 you will see in one of those reports, prepared an
25 inventory which he radioed in on his one-time pad, and

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[REDACTED]

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1 that constituted the essence of a disseminated
2 intelligence report, so every drop had an intelligence
3 report sent to Washington.

4 Q So from those intelligence reports we could
5 reconstruct exactly how much lethal assistance was given
6 to them?

7 A How much they actually received.

8 MR. LIMAN: How much they received if there
9 was a drop that hit them?

10 THE WITNESS: That's right. There was one
11 case where a drop of seven-some bundles was never
12 recovered. It went into the rain forest and they never
13 found it.

14 BY MR. BARBADORO: (Resuming)

15 Q In March you and your wife and
16 and his wife went to Washington see the President.

17
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25 The scheduling of

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[REDACTED]

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1 the actual -- the photo opportunity, that was handled, as
2 I understand it, Admiral Poindexter surrendered five
3 minutes of his morning briefing time.

4 Q Who arranged that, do you know? Was it North?

5 A It was either North or Poindexter or both.



13 Q Was that visit with the President made to
14 fulfill Poindexter's promise in December when he told
15 [REDACTED] about meeting with the President?

16 A Yes. It was also, I think, [REDACTED] the
17 combination of a dream. You know, he considers the
18 President -- he has great admiration for the President.

19 Q After you came out of the photo session with
20 the President [REDACTED] was at the White House, wasn't
21 he?

22 A He was in the outside area there.

23 Q Had that been arranged between the two of you
24 that he would be there?

25 A No.

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1 Q Were you surprised to see him there?

2 A No.

3 Q Was there any meeting --

4 A He was aware of where we were going to be at
5 that time.

6 Q Was there any meeting with [REDACTED] after this
7 photo opportunity?

8 A Not a meeting in the sense of -- there at the
9 White House?

10 Q Yes.

11 A No. [REDACTED] autographed a picture book [REDACTED]
12 [REDACTED] which he had also given the President. He brought
13 four of them -- one for [REDACTED] one for North, one for
14 Poindexter, and one for the President. And he had
15 presented it to the President, the picture book to the
16 President, but hadn't yet autographed it or dedicated it.
17 So when we left he dedicated one of the other three
18 copies he had outside and I think the secretary carried
19 it into the Oval Office and then brought out the blank
20 one and left the other one.

21 He then went, dedicating each of the remaining
22 three and he handed one to [REDACTED] and he handed one to
23 Colonel North and we stood around for about ten or
24 fifteen minutes waiting for Admiral Poindexter to come
25 back to finish, I guess, his briefing, and so we chatted

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1 there -- if that can be called a meeting. Nothing of any
2 substance was said.

3 Then, when Admiral Poindexter came back,
4 Colonel North, Admiral Poindexter [REDACTED] and I went into
5 Admiral Poindexter's office where the Admiral and
6 [REDACTED] had an exchange [REDACTED]

7 [REDACTED]
8 [REDACTED] Nothing concerning
9 the air strip, resupply -- to anticipate your question --
10 or anything else was conducted at that time.

11 Q Thank you for saving me the time.

12 (Laughter.)

13 Tell me about your meeting with Secord that
14 day.

15 A Either before or after this -- I guess it was
16 after -- when we broke up after the meeting with
17 Poindexter, our wives had already gone on shopping and
18 North said to [REDACTED] I want you to meet with someone this
19 afternoon. His name is Secord. He will be coming by
20 your hotel and I took the liberty of setting it up for,
21 what was it, 2:00, 3:00, whatever it was.

22 He would like to meet with you about the air-
23 strip.

24 Q Was this the first time you heard Secord's
25 name mentioned?

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1 A Yes.

2 Q Did you recognize the name when it was
3 mentioned?

4 A From the book, yeah.

5 Q From what book?

6 A From the book "Manhunt" I don't think North
7 had ever mentioned it beforehand or -- I'm trying to
8 think now. But that's definitely the first time that it
9 made an impression on me.

10 Q That you associated Secord in any way with the
11 air strip or the resupply?

12 A That's correct. That's my impression. I
13 mean, I might be wrong, but that's the only time that --
14 that's the first time I think I heard it. And there is a
15 curious thing. I mentioned this to the Tower Commission.

16 For some reason, as I heard North talking [REDACTED]

17 [REDACTED] I have the impression that [REDACTED] already knew
18 something about Secord, who Secord was, or that they had
19 discussed it before, because he immediately sort of yes,
20 sure, instead of saying who is he. You know, it's as
21 though it had already been sort of arranged and he was
22 just finally telling [REDACTED] and I felt a little left out.
23 It's a feeling that you get as though you are coming in
24 the middle of a conversation, although I have nothing to
25 base it on except that feeling.

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1 [REDACTED] turned to me and said I want
2 you to be there, too. I said, yes, sir. So we got back
3 to the hotel. We went out someplace for shopping or
4 something, and then we got back to the hotel and we
5 waited in the Four Seasons, as you walk in, there's the
6 reception desk and then there is a large open area with
7 seating and we waited there so we could have a clear view
8 of the people who were coming in through the door.

9 And Secord appeared with Rafael Quintero, so I
10 knew who he was, although Quintero was not mentioned as
11 being a participant when North mentioned it [REDACTED]. And
12 it's the only time that I know of that [REDACTED] saw Quintero.
13 I mean, we talked about it and so forth. We went up to
14 [REDACTED] room in the hotel and they sat down, the two of
15 them, and started talking, and it was [REDACTED] and this is
16 the second reason why this remains in my mind.

17 [REDACTED] had it clearly in mind what he wanted to
18 tell Secord, as though it was something he had been
19 thinking about, and he said look, there are things. I
20 want a letter from the company that's building this
21 strip, and that's when I heard the name Udall, which I
22 thought was ironic in view of the fact of Morris Udall
23 being a super liberal and here they use this name, the
24 Udall name, for one of their companies or for a company
25 which now I found out was one of many.

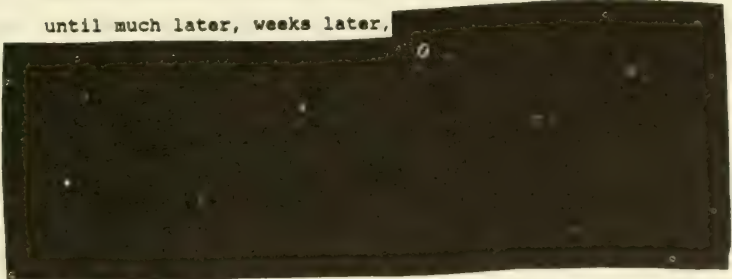
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1 [REDACTED] dictated terms. For example, that the
2 Civil Guard would have access to this air strip field. I
3 don't remember the exact terms. The letter was published
4 in the press. And Secord sat there and wrote down the
5 terms [REDACTED] They had a discussion on
6 some minor points, but it was clearly [REDACTED] who was in
7 charge. And Udall -- no, not Udall -- Secord said that
8 he would get the Udall letter to him.

9 And it's a little fuzzy now, but for some
10 reason or other I seem to think that somehow that letter
11 was delivered later that day. I did not see that letter
12 until much later, weeks later,



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18 And then I never knew until I actually saw the
19 letter in the paper that it had been signed by Robert
20 Olmstead. Now I don't know if Secord signed Olmstead's
21 name or Olmstead was sitting there in some office in the
22 neighborhood and signed it. I don't know.

23
24 Q It's the Tico Times?

25 A The Tico Times.

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1 Q That was after Arias had announced the
2 existence of the air strip?

3 A [REDACTED] It was the [REDACTED]
4 Minister who showed the letter to the press at the famous
5 news conference.

6 Q Did you ever meet with Secord again?

7 A Never, and I never talked to him on the
8 telephone, and I never sent him a message. And I want to
9 be very emphatic about that. I told Tom this. I don't
10 even know if it's appropriate, but have you ever had an
11 instant dislike for somebody -- I mean an instant? The
12 chemistry is absolutely not there. I mean, some people
13 you just -- you know. But Secord just sent me the worst
14 possible vibes, and I told Ollie this later. I said, I
15 do not like that man. I don't want to have anything to
16 do with him.

17 There was just an antipathy that I cannot
18 explain.

19 Q Did Ollie ever explain to you what Secord was
20 doing, what his involvement was in this?

21 A He said Secord's a good man, Secord can be
22 trusted. I said, well, I certainly don't agree with you,
23 and that's not my sense of him.

24 MR. LIMAN: Did you have the sense that he was
25 in it for profit? Is that what struck you?

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1 THE WITNESS: No. I have since heard that
2 that may well have been the case, but I have no way of --
3 that was not my sense.

4 MR. LIMAN: That wasn't what struck you?

5 THE WITNESS: No. It was his personality. It
6 was that he came across as a ruthless man and I empathize
7 a great deal with people and I can get along with
8 difficult people, but I haven't had a feeling like that
9 in years about somebody. That's a commentary, probably
10 isn't important.

11 BY MR. BARBADORO: (Resuming)

12 Q Did you meet with anybody at CIA headquarters
13 while you were up on that trip?

14 A Oh, yeah, sure.

15 Q Did you meet with the Director?

16 A [REDACTED] No,

17 [REDACTED]
18 [REDACTED]
19 Q How many times did you meet with Casey from
20 the time you became chief of station [REDACTED]?

21 A I met him in August '84 [REDACTED]

22 [REDACTED] I met him when [REDACTED]
23 trip in '85. I went along [REDACTED]
24 [REDACTED]
25 [REDACTED] on a [REDACTED] visit. And when he came to the

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1 station in November to present us with a meritorious unit
2 citation.

3 Q November of what year?

4 A Of '86.

5 Q Was that the trip immediately prior to him
6 coming back, having to come back to testify about the
7 Iran matter? Was it around the 18th or 17th of November?

8 A Yes. But I didn't know what he was doing. I
9 know what he did [REDACTED] but I don't know what he
10 did after he left.

11 Q Did you ever discuss the contra resupply
12 effort with the Director?

13 A During his visit, part of the briefing I told
14 him we had received the drops in September, which is all
15 part of the intelligence reports that we had given -- you
16 know, just the overall briefing of where they were and
17 what their condition was.

18 Q Did you tell him about North's involvement in
19 the resupply effort?

20 A No.

21 Q And you didn't talk to him about the air strip
22 at all?

23 A No, ever.

24 MR. LIMAN: I'm going to leave you.

25 MR. BARBADORO: Okay. I've got about a half

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1 an hour more.

2 MR. LIMAN: I will see you before you leave
3 anyway. It was very nice meeting you.

4 THE WITNESS: It was very nice meeting you,
5 hopefully again under better circumstances.

6 MR. LIMAN: I hope this hasn't been too
7 unpleasant.

8 BY MR. BARBADORO: (Resuming)

9 Q When did you first meet General Singlaub?

10 A The first and only time I ever met General
11 Singlaub was in the Ambassador's office [REDACTED]
12 I don't recall the date.

13 Q March of '86?

14 A Yeah, okay. That sounds good.

15 Q Did you know what he was in [REDACTED] for?

16 A Well, the Ambassador called me in and said he
17 could explain what he was in [REDACTED] for, and that was
18 to approach Eden Pastora in an attempt to get Eden
19 Pastora to work out his difficulties with the United
20 States Government and somehow act as a mediator. And I
21 spent about ten minutes in an attempt to dis^suade General
22 Singlaub from any such attempt, that there was no
23 interest in doing so, and that in fact if he attempted to
24 do so it would probably be detrimental to the best
25 interests of U.S. policy.

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1 I then left town for headquarters the next day
2 or the day after, and when I returned I found that he had
3 in fact gone to see Eden Pastora and worked out some sort
4 of an agreement with Pastora in which he presented
5 himself as a representative of the United States
6 Government and that then subsequently the Ambassador went
7 in with a restricted channel message, [REDACTED]
8 [REDACTED] which my deputy had sent and in which they
9 outlined this thing.

10 And when I saw it I went high order with the
11 Ambassador and with my deputy.

12 Q You mean you were extremely upset?

13 A Extremely upset. And I went in with what the
14 Ambassador meant to say, because parts of his cable --
15 and I was clearing it with the Ambassador, but part of
16 his cable was just incredible, that he, knowing the
17 situation as it stood, would have allowed this cable or
18 this representation that Singlaub made and that he in
19 fact in his [REDACTED] cable endorsed.

20 You don't often get upset with Ambassadors,
21 obviously, but I could take certain liberties with Tambs,
22 and this was one of the times where righteous indignation
23 was called for.

24 Q Before lunch you mentioned that the Ambassador
25 was well aware of the fact that it was not CIA policy to

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1 encourage Pastora. At this point it was CIA policy to
2 have no contact with him, and you testified that the
3 Ambassador was well aware of that fact. Did you raise
4 that issue with the Ambassador?

5 A I don't remember exactly what I said at that
6 time, but he knew that everything, that this whole
7 Singlaub affair raised -- was contradictory to strategy,
8 policy and legality, because to support the private
9 effort of this American, Singlaub, who was, you know, a
10 private citizen, contravened the Boland Amendment
11 certainly in that it endorsed in an official way what the
12 guy, what Singlaub was doing, to say nothing of the fact
13 that we didn't want to give Pastora any encouragement
14 whatsoever.

15 Q Did the Ambassador explain to you why he had
16 done it?

17 A Well, you know, he apologized. He says, you
18 know, I didn't realize it, and then he put it off on my
19 deputy, that my deputy should have known better and that
20 my deputy, you know, let it slip. Well, I went to see
21 the Deputy, and the deputy said what the hell am I going
22 to do when the Ambassador tells me, he dictates the
23 message to me?

24 Q This is [REDACTED]

25 A Yes.

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1 Q Let's just mark this as [REDACTED] Exhibit 9.
2 It is a cable regarding Pastora-Singlaub agreement.

3 (The document referred to was
4 marked [REDACTED] Exhibit Number 9
5 for identification.)

6 A By the way, this started off the real Abrams-
7 Tambs conflict. I thought that Tambs would not survive a
8 month because Abrams just, and from then on their
9 relationship went downhill. This was the push over the
10 top.

11 Q Did North tell you that Singlaub was going to
12 be coming [REDACTED]?

13 A No, sir, and at no time did I ever recall
14 North telling me he had any connection with Singlaub.
15 He'd say things like Singlaub's a good guy, Singlaub's
16 trying to be helpful, but never did he ever say that
17 Singlaub and he had a connection.

18 Q Did you ever tell him about this agreement
19 that Pastora had signed with Singlaub?

20 A Oh, he didn't need to. I mean, the [REDACTED]
21 [REDACTED] message went right to three people -- Abrams,
22 C [REDACTED] and North.

23 Q [REDACTED] 9, that is the message, isn't it?

24 A Let me see it.

25 Q Let the record show the witness is reading to

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1 himself.

2 (Pause.)

3 A Now that is a misstatement. That is what
4 Singlaub proposed to obtain. In the paragraph which says,
5 to quote the document: "It was agreed that if Singlaub
6 could obtain Pastora's written agreement to meet certain
7 conditions Pastora should receive supplies via UNO."
8 That's not correct. It was not agreed. It was what
9 Singlaub proposed. He met with very strong objections
10 from me, less so from the Ambassador.

11 Q Let me just say first, Exhibit 9, is that the
12 back channel cable?

13 A Yeah. Well, it looks like the one.

14 Q Okay.

15 A You see here this cable shows the implicit
16 endorsement by Tambs and no objection made in the cable
17 whatsoever to the term "the United States will provide"
18 In any case, I sent a cable some days later, when I
19 returned, in which I wrote the Ambassador meant to say,
20 ba-ba-ba, et cetera, et cetera.

21 Q Did you discuss with North the fact that
22 Singlaub had entered this agreement with Pastora?

23 A No, no. Essentially the whole situation
24 created so much heat between Abrams and the Ambassador
25 that all anybody had to do was just sit back and watch

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1 the fireworks. The thing, the issue was dead. Nobody
2 was going to take this seriously.

3 Q So you never discussed this agreement with
4 North?

5 A No.

6 Q To your knowledge how many times was the air
7 strip in Costa Rica, the Santa Elena air strip, used?

8 A To my knowledge?

9 Q Yes.

10 A According to Rafael Quintero it was only used
11 once and that was for an emergency landing of a resupply
12 flight which suffered either from bad weather or engine
13 damage or something like that, and it landed on the air-
14 strip in July -- June 16.

15 If I may quote from my notes --

16 Q Go ahead.

17 A According to my information, the runway was
18 used on only one occasion for an emergency landing, when
19 a resupply aircraft was required to abort its mission
20 because of bad weather. This landing occurred on or
21 about June 16, 1986. On landing, the aircraft landing
22 gear became stuck in the mud on the uncompleted strip.
23 Note: See page B-123, last paragraph on right side, and
24 page B-124, first part of the paragraph on the left side
25 which refers to a North memo dated June 10. States that

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1 an aircraft is "mired in the mud" ^A I cannot account for
2 the difference in dates.

3 In order to free the aircraft and restart the
4 engines additional aircraft flew to the site. Within
5 approximately 48 hours all aircraft departed. This
6 occurrence was the last known, to me, use of the site.

7 FYI: I informed the Ambassador immediately after I was
8 initially notified of the incident. I also informed
9 Colonel North and subsequently, on or about June 18, I
10 notified [REDACTED] or the Latin American Division
11 Chief, [REDACTED], or both, when I arrived in Washington
12 for a consultation visit.

13 Q That was the only time that you know of that
14 the air strip was ever used?

15 A That's correct. However, according to the
16 Tower Commission report, it refers to apparently other
17 aircraft being at the air strip and I had absolutely no
18 knowledge of that. I refer to it again in my notes
19 because -- well, I refer to it in the notes. You can see
20 it.

21 Q We'll look at the notes. On June 21 and July
22 12 of 1986 you arranged for two resupply flights to land
23 at [REDACTED] International Airport?

24 A That's correct.

25 Q How did you make those arrangements?

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1 A Well, let me go back a ways. At some point --
2 and I don't recall how or from whom -- I learned that
3 ██████████ Air National Guard had a camouflaged C-
4 123 which was identical to the aircraft being used at
5 that time by the private benefactors. The private
6 benefactors informed me that they could not make a round
7 trip with a full load of supplies without refueling, and
8 they couldn't land at Point West.

9 So I came up with the idea that well, why
10 don't they just land at ██████████ International Airport,
11 not say anything to anybody, and just simply refuel
12 there, pretending, without saying anything, that they
13 were the ██████████ Air National Guard aircraft, since
14 it was a known aircraft from other training trips, from
15 training trips that it made -- the ██████████ Air
16 National Guard.

17 I discussed this with the Ambassador, and the
18 Ambassador thought it was a novel idea, but he became
19 concerned and he just said that he wanted somebody from
20 the U.S. Mil group to stand by and watch to see that
21 nothing went wrong, although these people were to handle
22 all the transactions themselves.

23 I added a stipulation that the aircraft could
24 not land if it had a single bullet on board. I wanted it
25 to be absolutely clean and I told Quintero that I didn't

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1 care, that if they didn't find the drop zone or if there
2 were some other screw up, they were to kick the material
3 anyway before they came [REDACTED].

4 On two occasions--

5 Q So they'd do a drop and then land
6 at the airport?

7 A That's correct. I don't know that those are
8 the dates. I accept your characterization of it. They
9 did land. The first time they went in, refueled and were
10 out, and the Milgroup person informed me --

11 Q Was that [REDACTED]?

12 A No, it was [REDACTED]. He informed me
13 that the flight had departed without difficulty. The
14 second time it came and it apparently had lost quite a
15 bit of oil, and they had, in addition to the refueling
16 cost, they had to put in 18 quarts of oil in the engine,
17 and they didn't have enough money for the 18 quarts. So
18 they signed a voucher for it.

19 And [REDACTED] told me they had done
20 this and the next time I saw Quintero, or Quintero came
21 to town, which was some weeks later, I told Quintero that
22 they owed \$60-some, \$60-80, for the oil that they had on
23 the voucher, and he gave me an envelope which he said
24 contained the dollars. I did not count it.

25 I took the envelope and I gave it to [REDACTED]

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1 [REDACTED] and I said, this is for the bill. But both took
2 off and landed without incident.

3 Q Do you know whether the flights were
4 humanitarian flights, or lethal?

5 A These were lethal supply flights.

6 Q How did the other lethal supply flights make
7 the deliveries if they weren't using Point West and if
8 they weren't stopping at [REDACTED] International Airport?

9 A They took a smaller load.

10 Q And flew round trip non-stop [REDACTED]?

11 A Pardon me?

12 Q And flew round trip non-stop [REDACTED]?

13 A Well, as you will recall, I mentioned that I
14 asked for flight information from headquarters. They
15 provided that flight information for the first flight or
16 flights after that.

17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 However, using the smaller aircraft, they had
22 to carry more gasoline if they were going to make that
23 long trip. And, by carrying more gasoline, they carried
24 less of a payload. So, the trips inside, especially
25 during September, during the six drops in September, the

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1 private benefactors decided that they wanted to get as
2 much in to these people as they could. So, instead of
3 taking that long route, with a lesser payload, then they
4 decided to go [REDACTED]
5 [REDACTED]

6 As I understand it, they did that; they used
7 that route the six times -- certainly not with my
8 concurrence, but that's what they did -- six times to
9 make the deliveries. The seventh time they tried it,
10 which was not a delivery to the southern front, but to
11 the FDN in the South -- it was the Hasenfus flight.

12 Q Do you know [REDACTED]?

13 A Yes.

14 Q To your knowledge, was he ever out at Point
15 West?

16 A Oh, he certainly could have been, but I don't
17 know that, that he ever went there. [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 Q You never made arrangements for him to be out
22 there?

23 A Oh, no sir. The fact that he went, he went on
24 his own. Certainly, [REDACTED] knew
25 about Point West, especially [REDACTED]

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1 [REDACTED] because they flew us up there.

2 Q Do you know, I can't say his name right,
3 Dagoberto Nunez.

4 A Yes, I know of him, but I have never met him.

5 Q You have never met him?

6 A No sir, but I know him.

7 Q Did you know that he claims to have known
8 Oliver North?

9 A I don't know that to be a fact.

10 [REDACTED]
11 [REDACTED]

12 (A discussion was held off the record.)

13 BY MR. BARBADORO: (Resuming)

14 Q Back on the record. Were you aware that he
15 had meetings with Rob Owen?

16 A Yes, [REDACTED]
17 [REDACTED]

18 Q I understand. What did you understand those
19 meetings to be for?

20 A In the same genre of meetings that Rob Owen
21 had with a lot of people associated or involved in the
22 resistance movement.

23 Q Do you know a guy who has called himself Glenn
24 Ford?

25 A No, never heard that before. Who is that?

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1 Q A guy who calls himself Glenn Ford who met
2 with Rob Owen and Nunez.

3 A Never heard the name before.

4 Q Do you know if Nunez was involved in any
5 activities regarding the Honey and Avrigan lawsuit?

6 A Yes. He was one of the people named in the
7 Miami Federal court case, and he was also involved in a
8 very sensitive operation related to that, which not even
9 counsel knew about.

10 Q Okay. My question then, and I will focus it
11 very narrowly on Oliver North and Rob Owen, do you know
12 whether Nunez had any contact regarding that lawsuit at
13 the direction of Oliver North or Rob Owen, or somebody
14 working for them?

15 A Yes, to this extent. Dagoberto Nunez obtained
16 from some source copies of the Federal suit, the legal
17 papers, and, if I'm not mistaken, I think he turned over
18 a copy of his copy to Rob Owen. To the best of my
19 knowledge, that is all I know.

20 Q And that is all you know about the contacts
21 with Owen and North concerning that suit?

22 A Yes, that he, Dagoberto, kept Rob informed
23 about what he had learned concerning these people, Honey
24 and Avirgan. Now, where he got that information from, I
25 don't know. I think it was from his Miami-Cuban

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1 contacts, but I don't know.

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couple of other questions.

Dutton. When did you first hear that name?

A Who?

Q Dutton, is Dutton a Q?

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1 A Except in the papers that I've read since I've
2 been here in the States, I've never heard of that name.

3 Q Did you ever speak with a Robert Dutton?

4 A Not that I know of.

5 Q How about a Richard Gadd?

6 A No, sir.

7 Q How about a Max Gomez or a Felix Rodriguez?

8 A I was involved

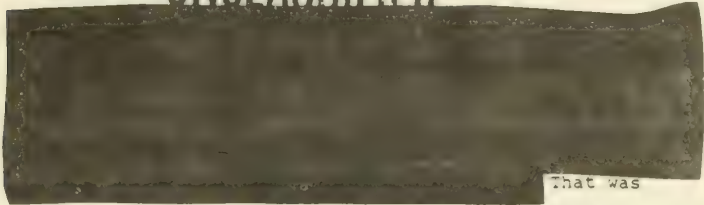
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That was

the last time that I saw Felix Rodriguez-Max Gomez.

However, it occurred to me that, just several weeks ago, that at some point, in September, I had heard from Raphael Quintero that Max Gomez was really creating all kinds of problems for Quintero, and for the warehouse and the benefactors there [REDACTED] the crews and so forth. I don't know exactly what it all was, and Quintero gave me Max's phone number or Felix's phone number just before I went on a trip to the States, and when I was in Miami, I telephoned his home and I was going to tell him, look, don't be obstreperous. Be a nice guy.

You know, we go back a long ways, and so forth. But, after I got him on the phone, and I heard that voice again, that tough arrogance, I just said, No, look, I just wanted to give you my regards. You are -- you know, I appreciate everything you are doing. I was going to go much further than that. I didn't, and I hung up the phone. That's the only time I've talked to him since 1971.

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1 Now, a lot of things have been said around and
2 assumed around, but that's it.

3 Q There was a Chiefs of Station meeting [REDACTED]
4 [REDACTED] in the spring of '86 where the new head
5 of LA, [REDACTED] was down to meet with you folks,
6 wasn't there?

7 A Yes. However, let me back up for you to
8 explain that meeting.

9 Q And this is the final topic I have. So, when
10 we finish that, I think we can finish.

11 A In April 1986, [REDACTED] visited [REDACTED]
12 station in a pre, when he was Division Chief-designate,
13 in sort of a pre-takeover, get to know the Central
14 American region. And, when he came in, when we met,
15 and I must tell you that [REDACTED] and I have been close
16 friends for a long time. We've worked together. In
17 fact, he brought me in originally to the task force, when
18 he was Chief, when he was [REDACTED]
19 predecessor.

20 So he knew a lot of the players, and
21 it was really sort of an update on what the political,
22 military and the rest of the situation was. While he was
23 there I told him about communicating with the private
24 benefactors, and I had behind me on the floor behind my
25 desk the KL 43 [REDACTED] bag. And I told him

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1 this was the device I'm using for secure communications.

2 Q To whom did you tell him you were
3 communicating?

4 A To North. I don't know if I mentioned
5 Quintero, but I mentioned North.

6 Q Okay.

7 A And he said, have you informed the Ambassador?
8 And I said, Yep, the Ambassador knows about all this.
9 And he said, well, look, I don't know the points of law
10 regarding this, but I'm going to go back home and I am
11 going to check on it, and I will advise you. I said,
12 fine, but as far as I am concerned, it's passing
13 information for the purpose of secure delivery of the
14 materiel, et cetera, et cetera.

15 And he said, okay, but I'm going to check on
16 the law, and I'll get back to you. Thanks, [REDACTED] L
17 That's that last part of the discussion.

18 A meeting was held in May 1986 [REDACTED]
19 [REDACTED] -- well, there were several meetings. But the
20 one we are concerned with here is the meeting that took
21 place with [REDACTED]

22 [REDACTED] myself, [REDACTED] and
23 L [REDACTED] and the subject immediately upon the door
24 being closed was, look, [REDACTED] got a problem, and we've
25 gotta fix it because the question of his communication

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1 for the passing of information of the thing is
2 complicated, and it could present us with a problem.

3 That's the gist of it. But, he did say, [REDACTED] w
4 has a problem and we need to fix it. And so it was our
5 common problem. Okay, the solution we came up with was
6 the following: in order to take me out of the loop,
7 we would train a Nicaraguan Resistance Communicator [REDACTED]
8 [REDACTED] give him communications equipment, and one-
9 time pads, and send him [REDACTED] where he would be
10 located and interface with the private benefactors, and
11 when he received information from the private benefactors
12 concerning a flight, he would encipher it, send it to the
13 Resistance Communications Center [REDACTED] who would
14 relay it inside to the commanders.

15 Likewise, information from the commanders
16 concerning a drop zone, timing, et cetera, request needs,
17 would be relayed through the communications center, which
18 would encipher it and send it on the corresponding one-
19 time pad to their man inside [REDACTED] It looked
20 like an ideal situation.

21 Q It didn't work, though, and the reason it
22 didn't work was they decided later on that they couldn't
23 provide the support necessary to put the UNO South
24 communicator in [REDACTED] isn't that right?

25 A No, not quite. We worked. We trained the

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1 man. We selected him. [REDACTED] We got him
2 all set up to go [REDACTED] The private benefactors
3 provided a paid ticket. The problem was, we couldn't get
4 the man a visa in his Nicaraguan refugee document. I
5 communicated with [REDACTED] asking him to go
6 see [REDACTED] to see if [REDACTED] could go
7 [REDACTED] get a visa for this guy to be
8 able to go up there. [REDACTED] came back and
9 said, no, we can't do it, [REDACTED]

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16 we asked him, can you fix it so that this communicator
17 can get up there, or this individual can get up there?
18 And he said, I don't think there is any problem. And he
19 did it. [REDACTED]

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Just at that point, with the visa fixed, the
airline ticket in hand, the training completed [REDACTED]
[REDACTED] ready to send them up there, we get a
cable from Headquarters, dated July 12, which says, stand
down on the whole operation. Shock of all shocks. I

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1 thought we had the problem and that we were going to take
2 care of it. Now the stand down, and, you know, the text
3 of the cable.

4 I go up to Headquarters after that on
5 consultation, and I went in to see [REDACTED] and he said,
6 What happened? I said, what happened? He said, I called
7 in. This is the aftermath. [REDACTED] said he called in
8 C [REDACTED] referring to the stand-down cable, and he said, I
9 thought that we had to fix [REDACTED] problem by getting a
10 communicator up there. Why did we send out this cable?
11 C [REDACTED] not realizing what cable he was talking about,
12 tell [REDACTED] oh, don't worry about it, that's
13 all been taken care of -- meaning that, or thinking
14 that, we were still talking about the visa problem.

15 So, [REDACTED] the Division Chief, is left
16 with the impression from [REDACTED] that the cable he is
17 referring to, the July 12 stand-down cable, has been
18 taken care of. At the same time, [REDACTED] is responding to
19 L [REDACTED] by telling him that it's all been fixed concerning
20 the visa.

21 All right. Now, let's just finish the story.
22 The communicator didn't go because of the stand-down
23 cable. [REDACTED] knew that the communicator didn't go. Early
24 September, North tells me, he said, we want to clear out
25 the warehouse at [REDACTED] and send everything down in a

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1 big push to the people in the south. And he said, can
 2 you -- we don't have a communicator. Can you handle the
 3 coordination of the information, of the passage of
 4 information?

5 I said, sure, have him come down. And that's
 6 where the other six flights came in -- seventh, ninth,
 7 eleventh, fourteenth, eighteenth, and the twenty-third --
 8 and every one of those flights, every one of those
 9 flights, either in operational traffic or as disseminated
 10 intelligence report, or both, were reported to
 11 Headquarters. [REDACTED] knew we didn't have a communicator up
 12 there. [REDACTED] knew we didn't have a communicator
 13 at [REDACTED] handling all this traffic.

14 My question is, in retrospect, who do they
 15 think was doing it? There was no fairy godmother up
 16 there handling a thing. I had done it earlier because I
 17 had told them. They knew I was handling. I had to be
 18 handling it now, because the communicator had not gone [REDACTED]

19 [REDACTED]
 20 Q But my point to you is that you also knew that
 21 you weren't supposed to be passing those communications
 22 on.

23 A Why not?

24 Q Weren't you told that in May?

25 A I was told in May that there was a problem and

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1 that they needed to fix it, but then they stood down on
2 the solution that I offered to them about sending the
3 communicator up there. So, we were back to square one.
4 I was still passing the traffic.

5 Q So, you assumed that even though there was a
6 problem, since the solution had been not implemented,
7 that you should continue?

8 A But, of course. All right, let's say that was
9 the case with the first flight, or even the second
10 flight, or even the ^Wthird flight. Did anyone come down
11 and tell me, hey, [REDACTED] stop, you know, don't do that.
12 Stop. Nobody said it. Flight after flight after flight
13 went in, and the reports and the traffic out [REDACTED]
14 back to Headquarters informing them of it. You know,
15 it's very easy to Monday-morning quarterback on these
16 things. But, when you take a look at the facts, [REDACTED] C
17 [REDACTED] tells the world, I didn't know anything about it.
18 For favor.

19 Q The last thing I have, let me read you some
20 names of Cuban-Americans. There are five of them. One
21 of them is Dagoberto Nunez. The other four are: Claudio
22 Picasso, Rene Corvo, Petro Hernandez--

23 A Wait a minute, Claudio Picasso is not a Cuban
24 American. Claudio Picasso is an Italian-
25 Nicaraguan.

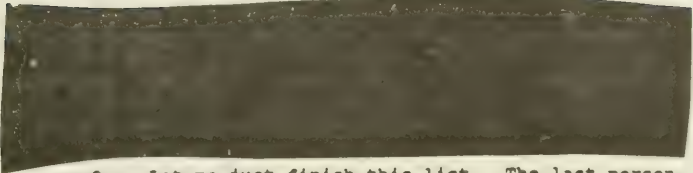
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[Laughter]

Q Okay.



Q Let me just finish this list. The last person I have is, Felipe Vidal Santiago. Were any of these five people involved in any way with the private benefactor operation?

A No.



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MR. BARBADORO: I don't have anything else.
It's been a long day. But, that's all I have.

MR. WILSON: I would like to ask one
clarifying question, if I could.

EXAMINATION ON BEHALF OF THE WITNESS

BY MR. WILSON:

Q On this business about [REDACTED] got a problem,
Did you ever discuss with [REDACTED] the nature of the
problem as he perceived it? Was it a legal problem or a
political problem. What kind of problem was it?

A Are you asking me the question?

Q Yes.

A I think it was probably a political problem
because everybody is pretty clear about the whole

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1 question of passing information. I did not really
2 have a problem in the South in terms of the
3 straightforwardness of it. I think, for example,
4 the FDN and [REDACTED] must have
5 had a daily -- I can't see how they operated without
6 a lawyer, because they were much more involved in
7 military.

8 I mean, the FDN was much more involved
9 in military matters, and it had to slop over into
10 [REDACTED] concerns. So, I think that really in my
11 case it was a political problem. We were dealing
12 with the passage of information. Yet, what happens if
13 the Congress finds out and wants to make an issue of
14 this. I think that's what we were all trying to avoid --
15 the inference or the implication, the insinuation of a
16 violation of the Boland Amendment.

17 Clearly, that was the case with the July 12th
18 cable, and it said so. That we're very close to the
19 vote. We're about to get it. We don't want to do
20 anything to endanger it. I mean, it was a Johnny Two-
21 Step that just said, look, guys, back off on facilitating
22 the communicator up there.

23 MR. BARBADORO: Okay, the House people wanted
24 me to let you know that there is a possibility that they
25 may want to do a similar deposit. Of course, they

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1 would have 4ours available to them, and it would be much,
2 much shorter.

3 MR. WISE: Yes, in fact we will be in contact
4 with you regarding a communication of the immunity order
5 by the quorum on our Committee.

6 MR. BARBADORO: Thank you very much.

7 (Whereupon, at 4:39 p.m., the taking of the
8 instant deposition ceased.)

9 _____
10 Signature of the Witness
11 Subscribed and sworn to before me this _____ day of
12 _____, 1987.

13 _____
14 Notary Public

15 My Commission Expires: _____

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1 CERTIFICATE OF NOTARY PUBLIC

2

3 I, ANNE PELLECCCHIA HOROWITZ, the officer

4 before whom the foregoing deposition was taken, do hereby

5 certify that the witness whose testimony appears in the

6 foregoing deposition was duly sworn by me; that the

7 testimony was taken by me by Stenomask and thereafter

8 reduced to typewriting under my direction; that I am

9 neither counsel for, related to, nor employed by any of

10 the parties to the action in which this deposition was

11 taken; and further, that I am not a relative or employee

12 of any attorney or counsel employed by the parties

13 thereto, nor financially or otherwise interested in

14 the outcome of the action.

15

16 *Anne Pellicchia Horowitz*

17

18 Notary Public in and for the

19 State of Maryland.

20 My Commission expires *12/1/71*.

21

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HSI TS-35187

DEPOSITION OF [REDACTED]

W

(Tomas Castillo)

Monday, May 4, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

4150

The Committee met, pursuant to call, at 11:00 a.m.,
in Room 2203, Rayburn House Office Building, with W. Neil
Eggleston (Deputy Chief Counsel of House Select Committee)
presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel;
Tina Westby and Richard H. Giza, Permanent Select Committee
on Intelligence; Richard L. Leon, Deputy Chief Minority
Counsel and Thomas E. Wilson and Mary Beth Sullivan, on
behalf of [REDACTED]

Partially Declassified/Released on 5 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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1 Q Were you aware that Robert Owen was carrying
2 munitions lists from the contra leaders to
3 Colonel North?

4 A No, sir.

5 Q Did you know whether he was making payments to
6 the contra leaders of funds he received from Colonel North?

7 A No, sir. I had heard rumors to that effect, as
8 everybody heard rumors and, in fact, he was in the press
9 that Robert Owen was some sort -- he never said that to me,
10 I never questioned him on it. I just didn't.

11 Q The rumors were that he was a bag man for Colonel
12 North?

13 A That he was a bag man for the contra leaders,
14 that he was bringing money to them.

15 Q Now, I am not asking you what you knew. I am
16 asking you what the press and the rumors were that
17 you were aware of at the time. Were those rumors
18 reporting that he was carrying money on Colonel North's
19 behalf?

20 A Frankly, I didn't put much stock into this whole
21 thing because I didn't think they were true. I thought
22 that it just seemed to be a conclusion that somebody
23 had drawn by the mere fact that he was always around and
24 always there and always lent him a sympathetic ear. I don't
25 personally know of any occasion when he brought money to them

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1 Whereupon,

W

2 [REDACTED]
3 having been first duly sworn, was called as a witness herein,
4 and was examined and testified as follows:

5 EXAMINATION

6 BY MR. EGGLESTON:

7 Q [REDACTED] my name is Neil Eggleston. I am
8 Deputy Chief Counsel of the House Select Committee to
9 Investigate Covert Arms Transactions with Iran. Also
10 present are Congressman Brooks and Congressman Fields, both
11 members of that committee, and Mr. Giza and Tina Westby are
12 also present and your two counsel.

13 This deposition is being conducted pursuant to
14 rules and a resolution which was passed establishing the
15 committee and permitting the committee to conduct depositions
16 in furtherance of its investigation. I have previously
17 provided your counsel with copies of the resolution and of the
18 rules. If I haven't or if you would like to see them, I have
19 brought them with me today.

20 MR. WILSON: We do not have a copy of those. We got
21 them from the Senate.

22 MS. SULLIVAN: We do have them.

23 MR. EGGLESTON: If you didn't, I have brought
24 copies with me in case there is any confusion.

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1 BY MR. EGGLESTON:
w2 Q [REDACTED] do you know a person by the name of
3 Colonel Oliver North?4 A I respectfully decline to answer on the grounds
5 that it would be inconsistent with my Fifth Amendment
6 privilege.7 Q I take it that if I asked you additional questions
8 about your involvement with Colonel North or other activities
9 you will similarly refuse to respond; is that correct?

10 A That is correct.

11 Q [REDACTED] let me advise you that on March
12 30, 1987 Judge Aubrey Robinson, a United States District
13 judge in the District of Columbia, signed an order which
14 provided that you were immunized from the use of your
15 testimony or information derived from your testimony. I have
16 presently provided a copy of this to your counsel. Have you
17 seen this?

18 A Yes.

19 Q I ask that this be made part of the record.

20 (Whereupon, the document referred
21 to was made a part of the record.)

22 BY MR. EGGLESTON:

23 Q Mr. Brooks and Mr. Broomfield, let me show you a
24 copy of it and we will ask you now to direct [REDACTED]
25 to respond to any questions that may be posed to him since~~UNCLASSIFIED~~

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1 this order does grant him immunity from use of his statements.
2 He is directed to respond.

3 MR. BROOKS: He is, yes.

4 BY MR. EGGLESTON:

5 Q [REDACTED] let me tell you what I hope to do
6 in this deposition.

7 You have previously given a deposition to the
8 Senate at which a ~~representative~~ representative of the House was
9 present, although he was not asking questions because at
10 that time the immunity order had not yet been conveyed upon
11 you. I have not yet had that transcript made available to
12 us.

13 I would like to ask you general questions about your
14 background and then instead of conducting a complete
15 deposition, there are various areas that I want to question
16 you about that in my understanding from the Senate may or
17 may not have been covered but I would like to cover them in
18 a little more detail.

19 Let me ask about your background. When did you
20 begin with the CIA?

21 A [REDACTED]

22 Q What was your first assignment?

23 A After training, my first assignment was a temporary
24 duty [REDACTED] for a few months. And my first permanent
25 assignment was [REDACTED]

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1 Q You are a little later coming to the CIA than most
2 of the people with the CIA that I have had occasion to talk
3 to now. What did you do before you began with the Agency?

4 A I was a police officer for eight years,
5 [REDACTED]
6 [REDACTED]

7 I started as a patrolman and left as a detective
8 sergeant.

9 Q If you could just complete the various assignments
10 you had at the Agency up until the time that you were
11 appointed Chief of Station [REDACTED]

12 A [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 Central American Task Force, late 1982 until July 1984, Chief
22 of [REDACTED] Branch, [REDACTED]
23 July 1984 until present, Chief of Station, [REDACTED]
24 [REDACTED]

25 Q Are you still as of today with the Central

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1 Intelligence Agency?

2 A Yes, sir.

3 Q Is your retirement scheduled?

4 A I have no intention to retire.

5 Q You have no intention to retire?

6 A That is right. [REDACTED]

7 [REDACTED] I am on
8 administrative leave at present.

9 Q Let me just ask you -- as I say, I am not going
10 to -- I know that the Senate spent almost an entire day with
11 you. I don't intend to spend that long and want to
12 ask you some questions about particular areas. They are not
13 necessarily going to come in chronological order and
14 Mr. Giza and Ms. West might have questions as well.

15 When did you first get one of the encryption
16 devices?

17 A Spring, I think -- I think -- Spring of 1986.

18 Q In April of 1986, as I understand it from
19 reading the various files that, as you well know, have now
20 been created on you, there were the first of the four
21 shipments where you cabled for vector information and you
22 got the responses; is that correct? Is the first one of
23 those in April of 1986?

24 A There was a flight in April 1986, only one. You
25 mentioned four.

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1 Q I am sorry. I meant the first of four, the first
2 one being in April. I didn't know that there were four in
3 April.

4 A As I recall, there were nine altogether, and I have
5 them categorized in my mind as the first one being the
6 Bell 100 flight, which I believe was in April of 1986. That
7 is when the delivery was actually made.

8 However, prior to that there were attempts which
9 were aborted for reasons of mechanical failure or whatever.
10 After that April flight there were, I believe, two, and then
11 there was the final group of six in September.

12 Q As of -- I guess the question I was sort of leading
13 to was as of the time of the first flight in April that
14 actually went through, did you have the encryption device
15 by that time, if you know?

16 A Yes, I think I had it by the time that first
17 flight came in.

18 Q Who gave you the encryption device?

19 MR. WILSON: May I clarify for the record that the
20 encryption device is a KL-43?

21 MR. EGGLESTON: That is correct.

22 BY MR. EGGLESTON:

23 Q That is correct. To the best of my recollection,
24 it was Rafael Quintero, a private American citizen.

25 Q It is also my understanding that on these KL-43s

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1 that it is sort of a physical device but in addition to the
2 physical device, there has to be a key, the
3 encryption code that goes with it [REDACTED]
4 [REDACTED]
5 [REDACTED]

6 A I called it a cassette because [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED] and

15 it was obviously a U.S. Government-produced tape.

16 Q My question is did you receive more than one of those
17 over the period of time --

18 A I received [REDACTED]

19 Q How did you get each of those?

20 A Mr. Quintero delivered them to me.

21 Q You think you got them from Mr. Quintero each
22 time?

23 A Yes, I don't think North ever gave me one. I know
24 that Quintero did.

25 Q You kept the device through September?

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1 A I kept the device from the time I received it
2 [REDACTED] with me until December 1986. Of course,
3 I didn't use it after early October. And in December I
4 brought it to Miami, put it in a box, unlabelled, sealed
5 box, and left it at my mother's home in Miami.

6 I subsequently turned it over or she on my
7 instructions turned it over to an Agency officer [REDACTED]
8 who returned it to Headquarters.

9 I would hope that my mother would not be involved
10 in this matter.

11 Q It sounds as if your mother received a sealed
12 box --

13 A That is correct. Unlabelled, sealed box.

14 Q Which she turned over to an agency official.

15 Other than Rafael Quintero, Colonel North and
16 Mr. Copp -- why don't I ask it this way. Who did you
17 communicate with --

18 A Only Colonel North and Mr. Quintero.

19 Q You never communicated with Mr. Copp?

20 A I did not.

21 Q Let me go through the other people.

22 A Let's clarify -- I did not know who Mr. Copp
23 was until I was told by the Tower Commission investigators
24 that that was a pseudonym used by Mr. Secord -- or General
25 Secord. I never communicated with him via this machine and

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1 I only saw him one time, which I have, of course, explained
2 to the committees.

3 Q Were you aware that there was a Mr. Copp
4 who was involved with Mr. North in the re-supply operations?

5 A It is difficult to say because at times North
6 would say names and -- because they didn't mean anything to
7 me, I didn't pay attention to it, never registered with me.

8 Q So what you are telling me is that he may have
9 mentioned a Mr. Copp or he may not have, and you don't really
10 recall?

11 A There were other names that he mentioned that I
12 simply do not recall. I am consciously trying to avoid
13 recalling, even letting it register with me.

14 Q Did you know a man by the name of Robert Dutton?

15 A No.

16 Q Robert MacAlister?

17 A No.

18 Q Let me go through the list.

19 Richard Gadd?

20 A No. Now, that is a name that I had heard North use,
21 but I did not know who he was and I have never met him.

22 Q Did you know Robert Owen?

23 A Yes.

24 Q How did you first meet Robert Owen?

25 A Ambassador Tambs introduced him to me in his office.

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1 Q Do you recall when that was?

2 A I pondered that question, and the best I can come
3 up with is some time in August or September of 1985. It was
4 after Tambs arrived at post and that was July and
5 we had heard about this Robert Owen, [REDACTED] and
6 I had heard his name being mentioned by Nicaraguan
7 resistance personnel, but we had never met the guy.

8 Q So you think the first time you met him was in a
9 meeting --

10 A I remember the occasion when Ambassador Tambs called
11 me into his office and said there is somebody here I want
12 you to meet.

13 Q What did Ambassador Tambs tell you about
14 Robert Owen?

15 A To the best of my recollection, and I am not sure
16 it is accurate, that he was someone who worked with Colonel
17 North.

18 Q Did you understand that to mean that he was a
19 Government employee?

20 A Oh, no, it was quite clear to me that he had no
21 Government connection and I never asked him nor do I know
22 to this day who he actually worked for. I have heard reports
23 that he works for some public relations firm but I never
24 asked and he did not tell me. When he eventually became
25 associated with the Nicaraguan Humanitarian Assistance

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1 Office of the Department of State then, of course, I knew
2 who he worked for.

3 I was very careful in dealing with Mr. Owen because
4 he was an American citizen. I can't task him under agency
5 regulations to find out something, even though my officers
6 and I were well aware that Robert Owen probably had the most
7 extensive network of contacts among the resistance leaders,
8 including people with whom we did not want to have contact
9 with, and who, however, were involved with the Nicaraguan
10 resistance.

11 To explain that, there were, for example, [REDACTED]
12 [REDACTED] mercenaries, people like this, that were
13 accepted by the Nicaraguan resistance as compatriots in their
14 struggle. However, we were very leery of these people.

15 However, Robert Owen had an entrée to them and so
16 from time to time when he came to town I would meet with
17 him for breakfast or a cup of coffee and he would voluntarily
18 give me sort of a round-up of what he knew about what was
19 going on, which I accepted as any American citizen who
20 wishes to volunteer information to its Government. Later on
21 when he did become involved with the Nicaraguan Humanitarian
22 Assistance, I did ask him, because then he was a Government
23 employee, I did ask him to find out things about what was
24 happening with that group or another group, but that was the
25 extent of it.

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1 Q Did you know the date of his relationship with
2 Colonel North?

3 A I assumed he was a leg man for him and went out
4 to find out on behalf of Colonel North or people that
5 Colonel North had contact with what was going on [REDACTED]
6 [REDACTED] among the various political and resistance
7 groups.

8 He didn't deal too much with the political area,
9 but since there was overlap, he occasionally came up with
10 tidbits that were interesting.

11 As I say, he was very well informed.

12 Q Do you know how he developed these contacts?

13 A I assume he did it through one principal
14 contact he had, John Hull.

15 Q You knew him to be a close associate of Hull's?

16 A Yes. Someone told me at one time Hull
17 considered him sort of his adopted son.

18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 and whatever the press reports were, I simply don't -- I
2 can't recollect.

3 Q You never asked Owen whether he was carrying money?

4 A No, sir.

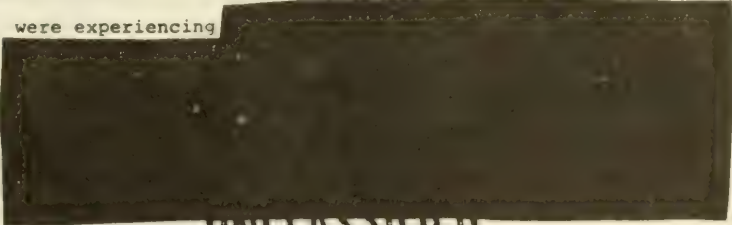
5 Q Did you ask Colonel North whether Owen was carrying
6 money to Colonel North?

7 A No, sir.

8 Q I know that everyone has asked you lots of
9 questions about the airstrip. I have read your Tower
10 Commission testimony about the airstrip and I am not going to
11 soup to nuts the airstrip and I am sure that the Senate
12 asked you lots of questions about the airstrip but I don't
13 have the transcript available.

14 When did you first become knowledgeable that there
15 was an effort to build the airstrip?

16 A As I explained, I think more amply to the Senate
17 than to the Tower Commission, the idea of an airstrip was
18 really an idea, a concept, that grew out of a problem that
19 the United States mission and most specifically myself,
20 and to just a slightly lesser extent, the Ambassador,
21 were experiencing

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Well, as you know, our influence diminished after the Boland Amendment was enacted and whatever leverage we may have had on them before, which was minimal, believe me, was close to non-existent at the time so it was a problem for us having to deal with [REDACTED]

and the fact that we were at the same time attempting to keep this force viable until the Congress could reconsider the question of support to the military side of this.

At the same time, I had the responsibility of

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1 trying to bring about some sort of a coalition -- probably a
2 better word is aggregation of the political groups --
3 well, since the political groups were closely tied to the
4 military groups and that these were their brothers in arms,
5 it became a complex problem or it was a complex problem.

6 So in looking for a solution [REDACTED]

7 [REDACTED] the obvious solution is
8 get them back inside Nicaragua to fight.

9 How can this be done without some means of
10 eventually supporting them? Well, in looking again in
11 conceptual terms, down the road to when there would be a
12 re-institution of military assistance, it became apparent
13 that the only way that these people could be supported was
14 through some site [REDACTED] which -- where there could
15 be for re-fueling or re-supply that the aircraft could
16 land and re-supply the southern Nicaraguan forces.

17 All of this was discussed almost on a very frequent
18 basis with the Ambassador because of his high degree of
19 interest in the whole matter of southern forces.

20 So in either -- I think it was August -- August or
21 September, maybe late August or early September, but in
22 there -- Ambassador Tambs [REDACTED]

23 [REDACTED]
24 [REDACTED] and the issue of or the concept
25 of an airstrip was raised then

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1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 Shortly after [REDACTED] Owen visited the Ambassador
8 and the Ambassador suggested that Owen go up to the site --
9 to the site [REDACTED] selected [REDACTED]
10 [REDACTED] Owen, that he should go up. [REDACTED]
11 [REDACTED] I accompanied
12 Owen and we went up to the site with [REDACTED]
13 [REDACTED] and walked the site and Owen took pictures of it
14 and, as I understand, he later delivered those to Colonel
15 North.

16 That is where the idea of an airstrip started and
17 why. Subsequently, Mr. Quintero came down to handle the
18 details. He followed a person by the name of Robert
19 Olmstead, who actually contracted with the owner of the
20 property, who was an American citizen also, by the name
21 of Hamilton -- but all of that I stayed on the periphery.
22 I knew about the negotiations. I was kept informed of them
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 Q So [REDACTED] was the one who primarily kept you
2 apprised of the negotiations?

3 A No, [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]

9 Q Let me go back to the first sort of step that you
10 told us about. You had indicated that there was some
11 notion that this airstrip might be a place that would be
12 used once, assuming Congress reversed its position and
13 once official U.S. military support became permissible,
14 again?

15 A Yes, let me -- my feeling about it was that
16 these people were doing this thing and I thought that was
17 primarily their business. I didn't advise them on how they
18 should proceed other than that I wanted the thing to be
19 kept absolutely discrete and quiet. I didn't want, and in
20 fact, I insisted [REDACTED] that no Nicaraguan should ever
21 know about the existence of this airstrip. My reason for that
22 was I eventually envisioned that the agency would take over
23 this operation and that it would be run as a paramilitary
24 air operation site once there was the re-institution of the
25 funding.

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1 I never really thought that these people could do
2 anything more than -- the private people could do anything
3 more than to really build it. If that is what they wanted to
4 do, fine, but for operational reasons I could see that this
5 could only be carried out by our own people with the necessary
6 expertise.

7 Q Your supervisor, I take it, generally at the
8 agency during this period of time was [REDACTED] ? C

9 A During this period, yes.

10 Q He, as I understand it, was Chief of the Central
11 American Task Force from October 1984 -- He and Boland
12 come in at the same time; is that your recollection?

13 A Could you ask me the question again?

14 Q It was a wandering question, not very well framed.

15 Is it your recollection that [REDACTED] began as
16 Chief of the central American Task Force right around the
17 time, the Boland Amendment became effective, early October
18 of 1984?

19 A No. I think it was later than that. I think --
20 no, in fact, I am certain it was later than that. [REDACTED] C
21 took over the task force in the spring of 1985. I am
22 positive.

23 Q Why are you positive?

24 A Because I know who was the Chief of the Task
25 Force in October of 1984

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1 Q And who was it?

2 A [REDACTED] and he stayed all through that
3 winter and then the first time I met [REDACTED] was when he made
4 a trip [REDACTED] in the Spring of 1985.

5 Q But at least by August of 1985 -- let me just
6 tell you, [REDACTED] has told me that he started in October
7 of 1984, that [REDACTED] -- can we go off the record?

8 (Discussion off the record.)

9 MR. EGGLESTON: Back on the record.

10 BY MR. EGGLESTON:

11 C Q In any event, it is your recollection that
12 [REDACTED] does not begin as Chief of the Central American
13 Task Force until the Spring of 1985 and that [REDACTED]
14 remained in the position throughout the Fall of 1984 --

15 A That is my impression. Certainly in the fall of
16 1984, and I would -- I am pretty sure it was into the
17 winter of 1984-85, and that [REDACTED] took over some
18 time around March or April of 1985, and that there was an
19 interim chief or maybe there was just an acting chief
20 during that period.

21 Q Okay. But in any event, at least by August of
22 1985, [REDACTED] is Chief of the Central American Task
23 Force?

24 A Oh, yes.

25 Q Had you had discussions with [REDACTED] about the need

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1 to create an airstrip if the agency got back in military
2 re-supply prior to August of 1985?

3 A Prior to, no, because this all came about due to
4 the increase in difficulty that we were having with the
5 Nicaraguan resistance people [REDACTED] It had been over
6 a year that we hadn't been able to give them any support
7 except moral support, and things really reached a very
8 bad point, with lots of incidents such as the ones I described
9 earlier, and so the coincidence of Ambassador Tambs'
10 heightened interest, [REDACTED]

11 [REDACTED] the locating of an airstrip in Costa Rica sort of
12 brought together the opportunity [REDACTED]
13 [REDACTED] if
14 you are going to get the contras back inside they have to be
15 re-supplied and they won't go back inside unless they have
16 re-supply, yet they can't be re-supplied unless there is a
17 site where they could be, even though it is another place and
18 the aircraft could be re-fueled there.

19 So it wasn't a subject of conversation with [REDACTED] C
20 at that time or even --

21 Q That was the next question. When is the first
22 time that you think that you had a discussion with
23 [REDACTED] face-to-face, I am not talking about cable
24 traffic, but face-to-face about the airstrip?
25 [REDACTED]

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23

1 [REDACTED] I sent a cable to headquarters and it was read by
2 [REDACTED] C. In our parlance we talk to our headquarters
3 counterparts or supervisors by cable, in those terms. So
4 that would have been the first time.

5 Q And you think that was immediately after --

6 A Yes. I don't recall the date of that cable,
7 but I would say certainly within a week to ten days after
8 the Ambassador reported back to me. I had completely forgotten
9 I had written that cable until the Senate counsel showed it
10 to me, which, in fact, was a very fortuitous aspect.

11 Q And then you received a cable back; is that right?

12 A Well, as I said, I didn't remember even sending
13 it so I don't really remember getting an answer, no.

14 Q Let me get to the answer to my question. Do you
15 recall a time when you discussed personally with [REDACTED] C
16 the airstrip?

17 A Yes. Some time, much later on, a visit that I
18 made to headquarters, but I don't remember whether -- but I
19 did discuss it with him.

20 Q Was that still in 1985?

21 A Oh, yes. It would have to be. The fall of 1985,
22 some time in the fall or early winter of 1985. The reason
23 I say that is because the airstrip was a fits and starts
24 thing, and it was some time after construction had been
25 started, and it was some time after I had talked to

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1 Assistant Secretary Elliott Abrams about it, or rather,
2 that Assistant Secretary Elliott Abrams raised it with me.

3 Q Right. I am not going to ask you about that
4 because you testified that at least in the Tower Commission
5 and I assume before the Senate.

6 A Yes.

7 Q That is one of those areas there is no point in
8 me covering --

9 A Except that it allows me to answer the question
10 with this comment. I took it for granted then that
11 since the RIG was apparently aware of it, then obviously
12 [REDACTED] had to be aware of it. In fact, I asked, if I am not
13 mistaken, I asked Assistant Secretary Abrams if [REDACTED] was
14 aware of it and he answered in the affirmative, yes, that is
15 correct.

16 Q And that occurred during the conversation that you
17 had with Abrams and the two case officers --

18 A [REDACTED] that is correct.

19 Q Was there other cable traffic in the fall of
20 1985 with regard to the airstrip?

21 A I don't think so. Because, as I said, I took
22 this as being extraneous to my situation [REDACTED]

23 [REDACTED] It didn't involve me
24 personally. It didn't involve my funds. It was being
25 undertaken by these people.

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1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 kept the Ambassador informed.

9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED] There

17 was one other aspect that in February of 1986 I was present
18 at a meeting among the Ambassador, General Galvin, Colonel
19 North in which Colonel North briefed General Galvin, updated
20 General Galvin on the airstrip and the existence of the
21 airstrip.

22 Q Where was that?

23 A Aboard the aircraft [REDACTED]

24 Q What did he tell him?

25 A Things were proceeding, construction is a little

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1 behind schedule, but it was fit into a general update of
2 the overall political military situation, [REDACTED]
3 [REDACTED] and other parts that had to do with non-
4 private benefactor matters.

5 Q Did --

6 A Excuse me. Let me, again, to make sure that you
7 understand me and these sort of disjointed comments, I
8 understood that this was an officially acceptable
9 activity. I mean, when you hear Assistant Secretary Abrams
10 saying he knows all about it and that he is aware of it
11 by virtue of his meetings with the other two members of the
12 RIG, and General Galvin was being informed of it in a sort of
13 a matter of fact way and I had ^{advised} ~~advised~~ the Ambassador and he
14 was interested in it [REDACTED]

15 [REDACTED] while the actual physical
16 construction of the place was being carried out by American
17 private citizens, as Counsel Lyman mentioned, I guess I
18 was the only one who thought it was a big secret. It was a
19 secret that everybody knew about.

20 Q I am going to introduce a series of questions by
21 commenting that there was a story in yesterday's New York
22 Times reporting statements that Mr. Tambs had made.

23 [REDACTED]
24 [REDACTED]
25 A Yes. [REDACTED] have it here.

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1 Q In the story, Mr. Tambs refers to essentially
2 taking his orders from what he considered to be the RIG.

3 MR. WILSON: For the record, we are referring to
4 the story starting on page 1 of the New York Times dated
5 Sunday, May 3, 1987.

6 BY MR. EGGLESTON:

7 Q That is correct. The far right hand column is the
8 story. What was it your understanding that the RIG was
9 and what its function was?

10 The RIG stands for Restricted Interagency Group
11 and the members from NSC were Colonel North, from the CIA,
12 ~~C~~ from the State Department, Elliott Abrams; is
13 that correct?

14 A That is correct.

15 Q What was your understanding was the function of the
16 RIG?

17 A It was a policy coordination body that brought
18 together and discussed and made decisions on interests
19 regarding the Central American military/political situation,
20 and that this was the main policy spokesman for the U.S.
21 Government.

22 Q But I take it it was clear to you that the RIG was
23 a policy body and that you were -- you were a CIA employee
24 and your supervisor was ~~C~~ and people above him
25 in the CIA?

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1 A That is correct.

2 Q You didn't take orders, I would assume, from
3 Elliott Abrams?

4 A No. The Ambassador did.

5 Q The Ambassador did -- you would take orders from

6 **C** [REDACTED] --

7 A That is correct.

8 Q And Ollie North took orders from whomever?

9 A I did not take orders from Ollie North.

10 Q You didn't take orders from Ollie North?

11 A Absolutely not. Ollie North and I were
12 professional colleagues first, friends second, very close.
13 one to the other in terms of where -- because our professional
14 relationship certainly was also based upon the fact that we
15 were very friendly to each other. But I ^{never} ~~ever~~ took any
16 orders from Ollie North.

17 I kept him informed when he asked questions about
18 difficult political situations going on in the south.

19 Q And I take it at least to the best of your knowledge,
20 Ambassador Tambs did not take orders from Ollie North?

21 A That is my understanding. He did not take orders
22 from Ollie North.

23 Q And similarly the RIG as an organization did not
24 issue orders. Orders implementing RIG decisions would have
25 come to you from **C** [REDACTED]?

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1 A That is correct.

2 Q They would not have come to you from an organization
3 called the RIG.

4 A They would not have come to me either from
5 Assistant Secretary Abrams. Now, on occasion, and there
6 were several occasions when Assistant Secretary Abrams
7 or the Central American unit at State would send orders
8 to their people, the Ambassador and the DCM, [REDACTED]

9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]

13 When he heard [REDACTED] State telling the Deputy
14 Chief of Mission to do a certain thing, [REDACTED]

15 [REDACTED]
16 [REDACTED] has
17 any problem with it let him cable up to CIA headquarters
18 and then they would -- we will discuss it up here, which
19 was a very convoluted way of doing business, obviously.

20 If State did do anything -- when State attempted to
21 become involved [REDACTED]

22 [REDACTED] I C
23 immediately informed headquarters and that was [REDACTED]
24 problem then to resolve it with Elliott Abrams.

25 Q And although that might have been cumbersome, it

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1 was up to them to fight those fights, not up to you?

2 A Certainly. But getting back to this, I am
3 going to anticipate your question --

4 Q Go ahead.

5 A I think that it was the Ambassador's perception --
6 I don't think there was any -- that he received instructions,
7 I think he simply in his enthusiasm and his diligence to be
8 as forthcoming as he possibly could, may have perceived
9 this to be their desires rather than their instructions.

10 Q That was what I anticipated hearing, actually,
11 because -- let me get back to the airstrip and just a few
12 more questions about the airstrip. Had you met Rafael
13 Quintero prior to August of 1985 -- let me ask it this way --
14 prior to the time that he becomes involved with the
15 airstrip?

16 A No. I had never met him.

17 Q How did you establish his bona fides. How did you
18 know who he was?

19 A North told me he was coming [REDACTED] and
20 he said he was a person that he trusted completely, and that
21 was enough for me, to hear it from Ollie North.

22 Q Did you want to make a comment about another part
23 of the story?

24 A Only that he refers to the strip in here where it
25 is a total inaccuracy. I am referring to a paragraph

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1 contained in the New York Times article which appears in
2 the continuing portion on page 14 of the same edition in which
3 it says -- in which Mr. Tambs allegedly said that when
4 he arrived in Costa Rica in July 1985, Mr. Abrams and other
5 officers of the Restricted Interagency Group asked him to
6 persuade the Government to allow contra supply pilots to use
7 a secret 1.2 mile long airstrip that Colonel North's operatives
8 had built just south of the Nicaraguan border.

9 The 1.2 mile airstrip did not exist in July of
10 1985, in 1985. It really didn't start to be constructed
11 until late November, early December of 1985. Construction
12 was stopped in March of 1986. It was never completed. The
13 grading -- the leveling had been done but the grading had
14 not been.

15 It was not possible to land an airplane at this
16 strip with any degree of safety as we found out when Quintero
17 reported that in June of 1986 an emergency landing had to be
18 made there and that the plane got stuck in the mud, because
19 there was virtually no drainage, none of that work had been
20 completed.

21 So I don't understand if Tambs is quoted correctly
22 how he could have said this.

23 Q Because, if anything, was clear it is that in
24 July of 1985 there was no airstrip?

25 A There was no airstrip and I can't even conceive of

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1 anybody in the RIG asking him to persuade the Government to
2 allow contra supply pilots to land there. It was still a
3 concept, it was an idea which came about as a result of
4 all these problems we were having with the resistance
5 people [REDACTED] and that was some time after
6 July, August or so when it really reached a heightened
7 point.

8 And so if this tracks with the rest of what
9 Tambs is saying here, he is obviously under a mis-
10 i^mpression or he is not being quoted correctly. But I
11 want to clarify that because it gives the impression --
12 he gives the impression that there was some sort of -- that
13 he was instructed to go through with some sort of an
14 arrangement.

15 Well, that is not so.

16 Q Let me ask you this -- I understand from reading
17 your Tower testimony that it was your estimate, if I have
18 got the right person's testimony, that the amount of money
19 put into the construction of the air field was about a
20 quarter of a million dollars.

21 A That is what Quintero told me.

22 Q And that an additional \$50,000 had to do with the
23 purchase of the --

24 A I don't know what the arrangement was. I suppose
25 only Colonel North or Mr. Olmstead can answer that. It was

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1 either a purchase arrangement with some sort of a
2 balloon note at the end of a year or two year period, or it
3 was a leasepurchase arrangement. I know that I heard
4 the figure \$50,000 a year is what the lease for a year was
5 going to cost, the lease or the purchase or whatever that
6 agreement was, the occupancy of that property for a year
7 was \$50,000.

8 Quintero told me, and of course he could have
9 exaggerated or it could have been a guess on his part, that
10 the cost of leveling that site and the little bit of
11 construction that they did on sort of a shack there, which
12 was never finished either, was \$250,000, which I felt was
13 exorbitant.

14 Admittedly this place was very isolated, it was
15 at least 20 miles to the nearest road of any kind, and the
16 graders and the tractor -- the bull dozer had to be brought
17 in through these canyons and I guess the cost of these things
18 is somewhere around three or \$400 a day, but it still
19 seemed to me that \$250,000 was a lot of money.

20 But I had nothing to say about it. It was there --

21 Q That is what I wanted to ask you. This was a
22 substantial investment into a capital asset for the contras
23 at a time when they didn't have a whole lot of money. Where
24 did you understand --

25 A Oh, I don't know that. I never knew anything

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1 about the money. I didn't know if they had millions or
2 billions.

3 Q Did you have any understanding about where the
4 money was coming from to pay the lease and to construct the
5 air field?

6 A No.

7 Q None?

8 A None. The first time I heard about that
9 there was even an event it was much later, when the name
10 Udall Corporation came up.

11 Q By "much later", not to rush ahead --

12 A March of 1986.

13 Q And how did it come up in March of 1986?

14 A During a meeting between [REDACTED] General Secord and
15 Mr. Quintero here in Washington.

16 Q And this was around the time of the photo session?

17 A The afternoon of the photo session.

18 Q Did [REDACTED] meet [REDACTED]?

19 A Oh, yes, and me.

20 Q My next question --

21 A Our wives -- it was social.

22 Q But did they have a non-social -- did they have a
23 business meeting?

24 A No.

25 Q Was there any discussion of the air field between

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1 the two of them?

2 A No.

3 Q When the name Udall came up in the course of the
4 meeting which occurred among Secord, yourself and [REDACTED]
5 was there anyone else at that meeting?

6 A No. I went along [REDACTED]

7 [REDACTED] and when he sat down he started to -- he took charge
8 of the meeting.

9 Q We are talking about [REDACTED]?

10 A You are right, yes. Quintero, Secord, [REDACTED]
11 myself were in the room at that time.

12 Q Right.

13 A [REDACTED]

14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED] he sat down and he told General Secord, this
20 is what I want from you for the purpose of protecting the point
21 west site, the air strip. And he went through and ^{he} said
22 that the civil guard would have access to the property,
23 that it would be used as a training site, so forth and so on,
24 and that is when I heard the name Udall Corporation. He
25 wanted a letter from Secord to that effect.

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1 Q Was the letter coming from Udall Corporation?

2 A I don't recall that being discussed. It was
3 just that to [REDACTED] this person Secord was going to
4 get a letter from whoever it was that had control of that
5 property and that is when I first heard the name Udall
6 Corporation or Udall Research Corporation.

7 Q As being --

8 A As being the people who had title to this
9 property.

10 Q As of this time, meaning March of 1986, during
11 the meeting, who did you understand Secord to be? What
12 role did you understand him to have?

13 A That he was -- first of all, I knew he was a
14 general. That he was somehow responsible for the private
15 benefactors' activities.

16 end

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IEIN #1a
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1 Q I asked you who you understood Secord was --

2 A A general, that he was sort of responsible for
3 the private benefactors' activities.

4 Q Did you know that he was involved with Colonel
5 North?

6 A Oh, yes, because Colonel North told [REDACTED]
7 that morning that he wanted him to meet with General
8 Secord that afternoon. [REDACTED]

9 [REDACTED] and then sort of to our
10 surprise, Quintero was there. I didn't even know that
11 he was in town.

12 Q When you said you knew General Secord was involved
13 with the private benefactors, did you think that was in
14 connection with supply of the contras?

15 A It seems to me that that was the first time
16 that I was sure that General Secord was involved. North
17 may have mentioned it to me before, but I have no
18 recollection of it. That was the day that I knew
19 definitely that he was involved, but before that, he
20 may have mentioned it, but I have no recollection.

21 Q But at least, though, by this time you didn't
22 know he was Copp?

23 A No, I didn't know it until the ^{Tower} ~~Secord~~ Commission
24 guy told me.

25 Q That was Brian Bruh?

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1 A Brian Bruh/, right.

2 C Q Did you ever have any conversations with
3 [REDACTED] about the suitability of this location for
4 the air strip?

5 A Yes, some time. Again, I can't tell you when.
6 It was at headquarters. I was up on a visit, and we talked
7 about it. It was certainly before this March when [REDACTED]
8 met Secord, but I don't remember when. It could have been
9 anywhere from when they first got the control of the property
10 of the site from the private owner up until March, so that
11 would have been some time November, December, up until
12 March.

13 But, yes, I had talked to him about it.

14 Q What do you recall him saying about the
15 suitability of that location?

16 A That there was a site, that it would have been
17 used for refueling, and I think we both agreed that we
18 couldn't wait for the reinstitution of the funding, so
19 we could take control of it to be able to re-supply
20 the people in the south.

21 Q Do you recall him indicating to you that he
22 thought it was a terrible place to pick for the air strip?

23 A I don't know if he knew it or not or if he saw
24 the photographs that North had. I thought it was suitable
25 because it was isolated and not easily discovered. The

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1 downside was it was 16 miles in the Nicaraguan border.

2 Q Right, which --

3 A But you know, you got to take the good with
4 the bad. In Costa Rica, which is a very fertile, populated
5 country, you have very few places where you have that kind
6 of isolation, and we didn't have anything to say about
7 the site being picked. [REDACTED]
8 we were left with whatever we had to work with.

9 Q You had indicated that in the fall of 1985
10 that during a trip that you had to Washington you had
11 spoken to [REDACTED] about the strip?

12 A Fall or that period of November -- mid November
13 to mid February, let's put it that way. Some time in
14 that period.

15 Q Is that conversation the conversation that you
16 just related to me where you talked about the suitability
17 of the site -- is that the same conversation or is it
18 two conversations?

19 A Yes. I can't recall that we actually talked
20 about suitability. I just don't remember him saying
21 anything bad about it. I am left with the impression that,
22 yes, we will as soon as the Congress votes the money,
23 we will get into business, get on an air operations
24 activity. But there was only one conversation with him
25 at headquarters about it that I recall.

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1 Q And it was some time, November to February?

2 A Some time in that 3 to 4-month period.

3 Q And just sort of the last thing, this photo
4 opportunity with the President [REDACTED] which I think
5 in other testimony you indicated took place around
6 the 19th of March --

7 A I think it was St. Joseph's Day.

8 Q Was there any discussion that you recall
9 in front of [REDACTED] about the air strip?

10 A I beg your pardon?

11 Q You had indicated that [REDACTED]
12 present with [REDACTED] yourselves and your wives and it
13 was a social occasion. Do you recall any discussion about
14 it then?

15 A No. During that visit the times that I recall
16 [REDACTED] was present with [REDACTED] and me was immediately after
17 we came out of the oval office. [REDACTED] was in the
18 secretarial office where the secretaries are for Admiral
19 Poindexter, [REDACTED] had brought up some picture books
20 [REDACTED] and he inscribed them and gave one to
21 [REDACTED] one to North and he had two others; one, of course,
22 that he had presented to the President, and one for
23 Poindexter.

24 And, we chatted there for 5, 10 minutes, but
25 there was nothing during that conversation about the

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1 air strip. Subsequent to that, we had dinner in Georgetown
2 with our wives and I don't recall that he said anything
3 at all about that. Most of the conversation would have
4 dealt with [REDACTED] situation, the political
5 situation, not the air strip [REDACTED]
6 [REDACTED]

7 I am reminded about the Poindexter meeting. Again
8 not a single word during the meeting in which North,
9 Poindexter and I were present [REDACTED] was there any
10 reference at all to the air strip. [REDACTED]
11 [REDACTED]
12 [REDACTED]

13 Q You had indicated earlier that in June of
14 1986, in or around June of 1986 there came a time when
15 the plane had to make an emergency landing, and it became
16 stuck in the mud.

17 Did you have any role in that incident?
18 Obviously not the incident of getting it stuck, but in
19 getting it out?

20 A Yes.

21 Q What did you do?

22 A Well, the first thing, Quintero came into town,
23 and met with him in his hotel room, and he said, "I have
24 been told that I shouldn't tell you this, but I am going
25 to tell you this. A plane that was to make a delivery had

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1 problems and had to make an emergency landing, and then
2 landed at the air strip, and I think that was probably the
3 worst moment that I experienced in two and a half years
4 [REDACTED] because we had just completed assuring the
5 President of Costa Rica that the air strip was not being
6 used; that it was never going to be used; that we were
7 going to close it down and it became a park or whatever."

8 Q This was a new President?

9 A Yes, the new president, Arias, [REDACTED]
10 [REDACTED] Here Quintero
11 says the plane is there and it is stuck in the mud. I
12 got back to the ambassador immediately, and told him
13 what was told to me, and he reacted the same way I did,
14 and either he or I put in a secure telephone call to
15 North and explained what had happened, and said, "Look,
16 do whatever has to be done, but get this damned plane
17 out of here."

18 Q Who said "do whatever has to be done, just
19 get this plane out of here?"

20 A Either the ambassador or I, but that was our
21 position, get the plane out of here. Do whatever has to
22 be done. He said he would take care of it. He was
23 supposed to leave the next morning on a trip to Washington
24 for consultation and delayed my departure until about
25 11 o'clock in the morning-- no I left the office about

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1 11 o'clock in the morning. I actually left town about
 2 1 o'clock in the afternoon, and I arrived in Washington
 3 about 11 o'clock that night, Baltimore to Washington, and
 4 I found out that night or early the next morning. I can't
 5 recall. I know I made some phone calls to find out what
 6 happened to the aircraft, because they had promised,
 7 they had promised that it would be gotten out of there
 8 as soon as possible. They would bring other aircraft
 9 in with a starter motor and --

10 Q Who had promised?

11 A Quintero had promised that he would do whatever
 12 needed to be done, and we had obviously made the phone
 13 call back to North from the office. Well, it wasn't
 14 out of there for another day or so. Fortunately, it got
 15 out of there and [REDACTED] never found out about it
 16 until, of course, the ^{TOWER} ~~Task~~ Commission report.

17 As I understand it, they had to bring in
 18 one or two other aircraft, ^{THIS} ~~THIS~~ from Quintero, to unload
 19 the first one to lighten the load. Then they had to pull
 20 it out and once they pulled it out, they had to bring in
 21 another plane because they couldn't crank the engines.
 22 As I have described it to others, it was a Larry, Mo and
 23 Curly operation and very typical of the way I thought they
 24 ran both the air deliveries and their business.

25 Q What was on the plane when it got stuck in

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1 the mud?

2 A I assume lethal equipment. I guess it was
3 lethal equipment, because they didn't carry anything
4 else.

5 Q That crew didn't?

6 A That is right.

7 Q And why did you call North?

8 A You want to get something done, you call
9 North. Something like that, absolutely. There was no
10 question in my mind that North had control or influence
11 on and had responsibility for this stuff. No question
12 in my mind at all. Not that he ever told me that I am --
13 no.

14 In the evolution of things, if that was a problem,
15 that was the only person I would call.

16 Q Because you knew --

17 A It was his problem.

18 Q Okay. Did North tell you what he was going
19 to do to get it out of the mud?

20 A No. He just said I will do what has to be done.
21 I will take care of it. I will see what has to be done.

22 Q Was there anyone else in the Government that
23 you regarded as like North in having control or having
24 responsibility for the lethal operation going out of
25 [REDACTED]

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1 A No.

2 Q No?

3 A No.

4 Q There were two guys who worked with North in
5 the same suite: Robert Earle and ^{Craig} ~~Paul~~ Coy.

6 A I never talked to either of them. In fact,
7 on occasion when they answered the phone I wouldn't speak
8 to them, not until I got the -- I was trying to get
9 information back to him on the Hasenfus flight. I had
10 received a call from Quintero saying that the plane
11 hadn't returned, and had it crashed landed in Costa Rica
12 or had it landed somewhere in Costa Rica.

13 I said we will, "I'll try and find out." I
14 couldn't find out anything, and the fact that I couldn't
15 find out anything is what I wanted to get back to Quintero
16 and I couldn't do it. I forget now the reason, the
17 telephone lines were down or whatever. So I called
18 North's office and said, "Look, I know you must be
19 concerned about this flight that has not returned to its
20 home base. I want to tell you that there is absolutely
21 no information that it is anywhere ~~in~~ Costa Rica,"
22 and on that occasion North was not available.

23 Earle answered the phone and I said, "Please
24 pass this message to Colonel North..." that there was
25 no evidence whatsoever that that plane has landed ~~in~~.

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1 We will keep checking.

2 Another hour or so, and Managua announced that
3 it had shot the plane down.

4 Q Just to be sure, this is on the record, I take
5 it the Hasenfus flight was not a flight for which you
6 were to provide information?

7 A That is right. I didn't even know it was coming
8 down. It was not designated for the southern front. It
9 did apparently follow the same route that the other
10 planes which did deliver material to the southern front
11 followed, and the Sandinistas -- this would have been
12 the seventh flight during the month of September, and they
13 were waiting for it.

14 Q Let me ask you about another thing I know that
15 you have testified about, but I want to ask you specific
16 questions, and that is the September 1986 incident when
17 the air strip is about to be exposed.

18 Mr. Wilson. When you frame your questions here
19 you should know that was not covered by the Senate
20 Select Committee.

21 MR. EGGLESTON: In conversations with them,
22 I thought they had covered it. If they have not covered
23 it, then let me do it in a more complete fashion.

24 BY MR. EGGLESTON:

25 Q Could you describe in a complete fashion that

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1 incident and your involvement in it?

2 A As I mentioned earlier, the ambassador had
3 assured President Arias that the air strip was not to be
4 used, would not be used, that in effect construction had
5 been stopped



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1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED] it was clear to us that the air strip
5 was no longer a viable proposition for the original
6 purpose intended.

7 However, the ambassador and I [REDACTED]
8 [REDACTED] were quite adamant
9 that the site should be protected. First of all, I had
10 a personal interest in the ecological balance of that
11 area.

12 I felt that at least with the civil guard
13 under control of the place [REDACTED]
14 that poachers wouldn't get into this area; that turtle eggs
15 along the beach near the site would be left unmolested,
16 and other ecological -- it is a very -- it is a unique
17 part of the Central American isthmus, and in that it is
18 virtually unspoiled land, and part of the agreement, as
19 I understood, between the private benefactors and the
20 owner of the property was that it would be maintained as
21 ecologically protected as possible.

22 So I was insisting [REDACTED]
23 [REDACTED] keep guards on the property until the
24 private benefactors were able to work out their situation
25 with the owner. [REDACTED]

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1 [REDACTED] The ambassador talked [REDACTED] about
2 putting guards [REDACTED] on the property to avoid
3 the possibility of having drug traffickers use that
4 site, and this was a continuing concern during the period
5 of June, July and August.

6 In late August, [REDACTED]
7 [REDACTED] the
8 President had decided to announce, to call a press
9 conference and announce that the actual purpose or the
10 original intended purpose of the site [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]

24 THE WITNESS: So I called Colonel North at home.
25 Again, it was his problem, and I complained to Colonel

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1 North what I had heard and he said, "All right, I will
2 take care of it. I will get hold of Elliott and [REDACTED] C."

3 Shortly thereafter, [REDACTED] C called me and said
4 I just talked to Ollie and we had -- [REDACTED] C said that he
5 and Elliott--that he, Elliott and Ollie had all discussed
6 this and they thought that the best way to handle this
7 situation was to have the ambassador call President Arias
8 and put the lid on this press conference.

9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]

13 I then -- and I called [REDACTED] C back and told
14 him that, and then I got a call from the ambassador,
15 who was in Greensboro, Greenville, something--South
16 Carolina or North Carolina, where he was giving a speech,
17 and he said that he had contacted Arias and that he had
18 persuaded Arias not to hold the press conference.

19 Subsequent to that, the Tower Commission and
20 so forth, there had been allegations of \$80 million. My
21 impression is now on reflex, is that the ambassador said
22 that he persuaded the President on the basis that this was
23 an act of bad faith; that we had fulfilled our part of
24 the bargain in that the air strip was not being used, would
25 not be used, and he didn't see the reason why it was

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1 necessary to go to the press and so forth.

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 BY MR. EGGLESTON:

8 Q You have made a few references to the Tower
9 Commission. You obviously have read parts of it, probably
10 the parts that deal with your part of the world. Let
11 me ask you, there have been some claims that Colonel
12 North, himself, called President Arias.

13 A Not so. Never heard that. He didn't know
14 President Arias except by name. He had never met with
15 him. How would President Arias know who Colonel North
16 was?

17 Q So you have no knowledge that he ever called him,
18 and your opinion based on your knowledge of the Costa
19 Rican situation is that it is unlikely any such call took
20 place?

21 A I am certain it didn't take place. The only
22 two people that could have called President Arias was
23 either Assistant Secretary Elliott Abrams or the ambassador
24 to deal with this particular question.

25 [REDACTED]

it would have been clearly and properly a matter for

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bp-16

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1 the ambassador to deal with or Assistant Secretary Abrams.

2 Q Do you know whether there were any efforts
3 after there was this announcement that the air strip
4 was going to be exposed? Do you know whether there were
5 any efforts to get rid of all traces of Udall; whether
6 there was any effort to clean up the situation, to make
7 sure that there was no --

8 A Well, you know -- I don't know if this was a
9 matter of conversation or -- it seems to me that ^{they} ~~there~~
10 were left with a problem in how to deal with the American
11 owner of the property, Hamilton. And, I am sure I talked
12 to the ambassador about it. I don't recall talking to
13 North about it. But how do you deal with a thing where
14 you have got this piece of property and they have a
15 contract and how do you get out of it and that sort of
16 thing?

17 Q By this time, does it still have the storage
18 tanks on it?

19 A There were no storage tanks. There were some
20 fuel drums, 55-gallon fuel drums.

21 Q That is what I meant. I was referring to the
22 fuel drums.

23 A Once the thing had been essentially abandoned
24 that became civil guard property in terms of whatever was
25 left there in terms of fire extinguishers and things like

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1 that. [REDACTED]
 2 [REDACTED]
 3 [REDACTED]

4 Q So you think that that was gone by then?

5 A [REDACTED] It could still be there for all
 6 I know, [REDACTED]

7 Q I know that you have been shown others of these
 8 messages before. I want to show you some of these. I am
 9 sure that they are the bane of your existence by now,
 10 and I am sure that you have been asked about some of
 11 these specific cables.

12 I am going to identify them not by having the
 13 court reporter mark them, but by giving the name and date
 14 at the top of them so it is clear what we are talking about.

15 Let me show you what has top secret and [REDACTED] ^W
 16 3/3/86, [REDACTED] If you could just take a look at this one.

17 A The Tower Commission investigators showed me
 18 this one. It has all the earmarks -- this is my sign-off--

19 MR. EGGLESTON: By this, he is referring to
 20 the Capital D, Capital V.

21 BY MR. EGGLESTON:

22 Q What does D.V. stand for?

23 A It is latin for Dominus Vobiscum, the Lord
 24 be with you. That is what Colonel North used to answer.

25 Q How did Colonel North in his messages --

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bp-18

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1 how did he abbreviate that?

2 A He didn't. He used another thing, which I
3 never knew what it meant-- B.T.

4 Q You didn't know what B.T. meant?

5 A No. Now, obviously as you read it through,
6 I recognize that I wrote this, but the only thing is I
7 do not remember at all ever writing this first line, or
8 the second line, as a matter of fact.

9 Q By lines, he is referring to the first and
10 second sentences.

11 A On February 26 a Maule--the first or second
12 sentence. I don't recall having written this. The fact
13 that this plane came in and I described this in my testimony
14 to the Senate, this plane came in to [REDACTED] airport as
15 a result of an arrangement between Quintero and [REDACTED]

16 [REDACTED]
17 [REDACTED]
18 [REDACTED]

19 As a test run of this Maule [REDACTED]
20 [REDACTED] this had come as an outgrowth of
21 a conversation that I had with Quintero about the possible
22 use of this Maule, which he had told me they had up there,
23 to immediately evacuate people from inside Nicaragua
24 [REDACTED] as well as to take up the leader of the
25 southern front inside to meet with his troops, to see if

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1 it is possible this Maule could be used for that, because
2 it is a short take-off or landing aircraft, and so
3 this was the first attempt -- this was a sort of a --
4 this was an attempt to see if the plane could actually
5 fly without problems [REDACTED]
6 [REDACTED]

7 Q Whose Maule was it?

8 A Private benefactors. When the thing landed
9 [REDACTED] and
10 the authorities there, proper, requested these people and
11 the pilot -- it was both pilots. They found that the
12 pilot's license was expired, that they didn't have
13 insurance on the plane. They didn't have a flight
14 plan. It was another Larry, Moe and Curly operation.

15 They said there is nothing we can do here for you
16 to regularize your situation, and the authorities ordered
17 the plane [REDACTED] At [REDACTED] the authorities
18 properly called in the DEA. It says they suspected
19 the pilots might be ours and they asked the DEA to check,
20 and that is how the DEA asked me, and that is how I found
21 out for the first time that the plane was even in the
22 country.

23 Everybody was satisfied that these guys were
24 not drug runners or anything like that, and they let
25 them go finally.

Q Did you have any role in getting them to let

bp-20

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1 them go finally.

2 Q Did you have any role in getting them to let
3 them go, getting the authorities to let them go?

4 A I told the DEA--I said satisfy yourselves,
5 make sure you are absolutely sure that these people are
6 not narcotics traffickers, and they did, and they said,
7 "Okay, then you don't have any hold on them." They said,
8 "No." I said, "Tell the authorities that and let them
9 work out their problem on the insurance."

10 I told Quintero they better get down there to
11 file whatever papers they had with the FAA so these people
12 could get the plane released. They were hanging around
13 and finally they got into the plane and took off and flew
14 it back. That was the end of my problem.

15 Q You mean they didn't do any of these things.
16 They jumped in the plane and left?

17 A Yes. Never to return again, because, of course,
18 the tail number is burned.

19 Q For what reason are you involved in helping
20 this plane get released? How did you get involved?

21 A DEA called me and said is this your airplane?

22 Q So your only role in this was to tell DEA that
23 it was not your airplane?

24 A That is right. Once I heard it was a Maule, I
25 knew exactly what plane it was.

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bp-21

1 Q You knew it was a private benefactor?

2 A It had to be. Do you know how many Maules
3 there are in Latin America? Perhaps 5 or 6. It is an
4 unusual airplane, a fabric-covered single engine ~~STOL~~ ^{STOL}
5 aircraft with oversized wings, and it doesn't carry
6 more than about a thousand pounds because of its-- because
7 it simply doesn't have the capacity, so it isn't a plane
8 that you would use for hauling goods.

9 You use it for airplanes, that sort of thing.

10 Q Carrying people?

11 A Carrying people, right.

12 Q But you didn't help get the plane released
13 other than to tell DEA that it was not your plane?

14 A As long as they didn't have anything on that
15 plane or on those people to police, so inform the authorities
16 at the ~~airport~~ Airport, which they did. ~~_____~~

17 ~~_____~~
18 ~~_____~~
19 They had no problem coming to me and asking me
20 if we knew anything about it, and I had no problem
21 telling them that I suspected that they were probably
22 friends of the contras and that if they didn't have a
23 problem with it, so inform them and let these guys handle
24 the problem on their own.

25 Q Let me show you what has Copp: 3/24/86 ~~_____~~
at the top. This is not from you. There is a reference

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bp-22

1 to a [REDACTED] in it, which leads me to conclude that you might
 2 have some knowledge about the events. I want to ask you
 3 about the underlying events. It appears to be from Secord,
 4 at that time known to you as Copp?

5 A While I did not know of Copp and had only met
 6 Secord once, that is not to say he did not know of me.
 7 I don't know what North or Quintero told him. Ralph,
 8 which is Quintero, should have held discussions with [REDACTED]
 9 by now with regard to Negro Chamorro's troops. Let's
 10 start -- let's get the record straight right there.

11 I don't know anything about the L-100 at
 12 [REDACTED] I don't know who the [REDACTED] is that they are
 13 referring to here, but I assume it is the same [REDACTED] here
 14 which is obviously me. But I could in no way do anything
 15 to secure and insure he does all possible to get the
 16 load released from [REDACTED] That is at [REDACTED]

17 Q You could call [REDACTED] --

18 A That is right, but I wouldn't have done it,
 19 and didn't do it, and I think it was very presumptuous
 20 on their part to think that I would do it -- on their part
 21 I am talking about Copp, Secord and Ollie.

22 Q Do you recall the incident that this text is
 23 talking about taking you out of it? I am not asking you
 24 to ratify your participation in it, but do you recall that
 25 there came a time when there was an L-100 coming down

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bp-23

1 that was going to pick up supplies?

2 A No, I was expecting a delivery, an L-100
3 flight. I didn't know where the supplies were coming
4 from except out [REDACTED] Whether they were supplies
5 out [REDACTED] or supplies out of Timbuktu, I didn't
6 know.

7 Q What did you expect to be on the flight?

8 A Lethal supplies.

9 Q And was this a flight that was going to fly out
10 [REDACTED] and drop into Nicaragua?

11 A That is correct, but where it gets the supplies
12 from, I don't know.

13 Q It was going to do this without stopping at
14 Point West?

15 A Point West was never considered as a stop at
16 any time because Point West wasn't finished. It never
17 was finished. Just as an aside here, I find it remarkable
18 that so much attention has been put on Point West when
19 in fact all it is or ever was, was a leveled piece of
20 ground which was never suitable for the landing of a
21 large aircraft.

22 It never was completed. In fact, you might
23 say here are these crazy gringos leveling off this land,
24 and it is unsuitable for anything. I don't understand
25 where there is even a suggestion of some sort of wrongful

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1 activity, when in fact no Nicaraguan ever stepped on that,
2 no equipment with the exception of that one emergency
3 landing, and that could have been a corn field. That
4 place was never used, although it was intended to be used.
5 The L-100 flight, I asked headquarters in cable traffic
6 for flight path, hostile risk of forces information, for
7 radar coverage, and headquarters sent all of this information
8 down which I then passed along to Quintero, who gave it
9 to the pilots of the L-100.

10 There was only one flight of the L-100. There
11 were several requests because there were a number of
12 aborts or that they couldn't get the plane off the ground
13 or the plane had to turn around or whatever, but there was
14 only one actual delivery by a L-100, that I recall, and
15 that was with information provided by headquarters in
16 response to my request, all done openly.

17 That is the only one. Now as far as all the
18 rest of this stuff, I cannot comment on it because I
19 don't know.

20 Q Did you know that Rob Owen had any involvement
21 with the L-100?

22 A I did not know that until I read it in the
23 newspaper that somehow or other he took a flight or
24 something or he was involved in something with the L-100.
25 I only knew Rob Owen to be a collector of information as

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bp-25

1 a provider of information when he came [REDACTED] I
 2 did not know he had anything to do with that L-100.

3 Q And the statement in here that Copp--suggesting
 4 that North, that he call [REDACTED] if that is a reference to
 5 you, he -- North -- never called you and asked you to get
 6 the load released from [REDACTED]

7 A That is correct. He never called me, and it
 8 is certainly presumptuous on the part of the writer,
 9 Secord, Copp, to think that I will have or could have done
 10 anything about that.

11 Q Did you ever call [REDACTED] and ask that
 12 material, military supplies, be released from locations
 13 [REDACTED] for transportation down to the south?

14 A On instructions from [REDACTED] in early
 15 August, I went [REDACTED] and I ^{Spoke} [REDACTED]
 16 [REDACTED] and asked if he could ask the FDN to consider their
 17 brothers in arms in the south and provide them with some
 18 assistance.

19 Q How did [REDACTED] communicate to you?

20 A Personally in Washington and I was supposed to
 21 return [REDACTED], and I diverted Washington to Miami to
 22 [REDACTED] back to Miami back [REDACTED].

23 Q Did you talk to [REDACTED]?

24 A Yes.

25 Q He said, "I will pass it along." He didn't
 promise anything, and I didn't expect anything.

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Q Do you know what happened?

A We didn't get anything.

Q Is there any cable traffic reflecting this?

A I don't think so.

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#2
BOYM/mag

1 Q So, other than that occasion, you never called
2 or communicated with [REDACTED]?

3 A No.

4 Let me make the point why [REDACTED] asked me to go
5 down is because I had told [REDACTED] what an absolutely
6 desperate situation the southern forces were in. They were
7 being decimated during that period and they had nothing,
8 just nothing.

9 Q Had they started an offensive at that time?

10 A No offensive. They had not had an offensive
11 since 1983. If anything, they were running. They couldn't
12 even cover their own retreat operations, because they
13 didn't have the material to do it with.

14 So, it was --

15 Q So, it was after you explained to [REDACTED] the
16 situation in the south that he suggested that you go talk to
17 [REDACTED]

18 A And see if the FDN, through their own channels,
19 with their own means, with their own aircraft, could somehow
20 deliver some equipment to the people in the south.

21 Q Let me return to this L-100 for a moment.

22 Do you know whether this L-100 had anything to
23 do with NHAO? Whether it had come down with --

24 A Now, I know from reading the press that it did,
25 but I did not know at that time.

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TOP SECRET
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1 Q You did not know?

2 A No.

3 BY MR. GIZA:

4 Q Can I ask you -- you talk about this insurance
5 department; [REDACTED] speaks to you personally after you have
6 spoken with [REDACTED] telling him the serious situation with
7 the southern front.

8 A Yes.

9 Q Couldn't [REDACTED] have picked up the secure phone
10 and called [REDACTED] himself?

11 A Yes, sure.

12 Q But did you sense that it was his view that
13 coming from you personally it would have had, you know, a
14 larger impression there with [REDACTED] picking up the phone?

15 A Probably.

16 Q Or was it he didn't want any communications over
17 the air waves?

18 A Oh, no. No.

19 Q Via message traffic?

20 A My sense is it was [REDACTED] and I were very
21 close friends, have been for years, and I can say -- I could
22 probably be more -- I could explain.

23 In explaining their plight in the south I could
24 be more precise in the details of what their condition
25 was, and I presume that that is what it was. We didn't

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1 discuss it. He didn't say, "Now, you do it, because
2 I won't --" -- no, no. It was just, "On your way back,
3 why don't you stop off [REDACTED]" and I did. I just
4 stayed overnight, left there the next morning and went back
5 to Miami and [REDACTED].

6 BY MR. EGGLESTON:

7 Q This cable is from Copp to North three days after.

8 A Three days after what?

9 Q Three days after the prior cable which was on
10 March 24. This is a cable dated 3-27-86, [REDACTED] at the top.

11 Could you take a look at that one?

12 A This is the story of our life here.

13 Well, go ahead.

14 Q Well, this cable also suggests that you were
15 involved in -- I think the last sentence says that you said
16 the deal had been set up a long time ago, and there is a
17 sentence before that says that you -- I shouldn't quote it,
18 because -- continues to express surprise.

19 A I will express surprise right now.

20 Q The surprise language indicates he was in recent
21 communication with you or someone who was.

22 A Yes.

23 Q I take it it is your testimony that whatever is
24 in this cable that suggests you had involvement in this
25 is just false?

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UNCLASSIFIED
UNCLASSIFIED SECRET

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1 A Let's take it point by point.

2 I don't know anything about the first part of
3 the cable.

4 Q Right.

5 A Let's get down to where it says "Ramano said FDN
6 totally unaware of any agreement to send anything to
7 Blackie's troops. FDN totally unaware of any agreement --"
8 I don't know of any agreement except the fact that the FDN was
9 certainly aware of the plight of the people, of Blackie's
10 troops in the south.

11 If Blackie made some sort of a representation
12 that there was an agreement, I don't know about it.

13 Okay?

14 So, this -- but the fact is that FDN never wanted
15 to share its -- whatever it had obtained or it had in its
16 supplies with the people in the south. There were political
17 reasons as well as normal jealousies.

18 The whole mess is the result of incompetence
19 on the CIA's part or worse. Well, that is his comment,
20 not mine.

21 W continues to express surprise -- I don't know
22 what he means by that other than that I would have
23 expected the people in the north to help the people in the
24 south.

25 Meanwhile, my ability to sell this type MSN --

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~~SECRET~~

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1 I don't know what that means -- continues to erode because
2 of lack of professionalism.

3 MR. WILSON: "Mission"?

4 THE WITNESS: Lack of professionalism.

5 BY MR. EGGLESTON:

6 Q Just editorial comment.

7 A I agree with that.

8 "This can not be totally attributable to recent
9 comments since [REDACTED] claims deal was put together a long time
10 ago --" Now, I think I know what it means.

11 This is now March of 1986. The troops in the
12 south, and I believe it was early November --

13 Q Early November 1985.

14 A 1985. [REDACTED] and a couple other southern front
15 commanders met in the field in southern Nicaragua with some
16 of the commanders [REDACTED] and
17 they wrote an agreement in the field that they would
18 cooperate with each other, that they would share information
19 and whatever supplies they could.

20 That was sort of an expeditious agreement that
21 was made in the field, and it was the first time that the
22 commanders in the south had actually had a meeting with
23 the commanders from the FDN who were also in the upper part
24 of the southern area of operations.

25 In December, late December, early January, several

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1 of the commanders came out of southern Nicaragua and told
2 you about this agreement.

3 They then sat down and worked out a political
4 agreement with Negro Chamorro -- these were primarily
5 dissident commanders of Eden Pastora who had come out of
6 southern Nicaragua -- and they sat down and wrote out what
7 they thought was the most substantive agreement that had been
8 reached yet, political agreement that had been
9 reached yet, and it was an outgrowth of the basis of this
10 agreement that they had written in the field with the FDN
11 in the north.

12 Prior to that, Pastora had not allowed any of
13 his commanders to have any contact whatsoever with the
14 northern commanders.

15 When they came out, they confronted Pastora, and
16 they said, "Either you give us supplies or we are going to
17 join up with the UNO structure," which included the FDN.

18 Even though Pastora tried to persuade them from
19 doing it, they said, "Maybe they can get us supplies," and
20 so that was when they sat down.

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1 [REDACTED]
2 they, in fact, sat down and hammered out an agreement
3 with the political elements of the UNO [REDACTED] and
4 I assume that that is what is referred to here as "since
5 the deal was put together a long time ago."

6 Q But the suggestion in here in these last two
7 sentences that he has in communication with you -- and
8 your expressing surprise that these weapons have not yet
9 arrived is indeed an improper suggestion.

10 A That is certainly an improper suggestion.

11 I had no communication whatever with -- whether
12 he got that from Quintero or he got involved from -- or
13 that came out of a conversation he had with North, I don't
14 know, but it certainly didn't come from the conversation
15 with me.

16 Q Are you certain that you got your KL-43 from
17 Quintero?

18 A I am pretty certain.

19 Q Could you have gotten it from Rob Owen?

20 A I don't think so. Did Owen say that?

21 Q Well, I never tell one person what another
22 person says.

23 A Well, I say I am quite certain.

24 Q All right.

25 A I just don't remember.

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1 Now that you raised a doubt in my mind --

2 Q If you got it from Owen, it might have sort of
3 changed your view about just what exactly Owen had to do
4 with this whole operation that you --

5 A No, not that he had -- not that he was North's
6 representative or North's leg man that is working with
7 North, no, but I have to say I am pretty certain I got it
8 from Quintero.

9 Q Did you ever talk to North about the reason that
10 these private individuals, not just the KL-43, which, as
11 I said before, is, to my understanding, not a secret --

12 A Wait a minute. I never knew that anybody had
13 KL-43s except Quintero, North, and me.

14 Q Quintero is not a government official, though.

15 A Yes, well, but he was working with North, so
16 I assume that that -- whatever clearances, North got him
17 clearances.

18 Q But you knew that Quintero was involved. You
19 knew he was involved in constructing Point West.

20 A And that he was involved at [REDACTED] --

21 Q With the private benefactors.

22 A Sure, with the private benefactors.

23 Q And did you ever talk to North about -- I assume
24 you knew you had this government cassette that was highly
25 secret.

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1 Did it cause you any concern that Quintero,
2 working for this rag-tag group of suppliers or working
3 with them, had access to and was using this, what
4 I understand to be a fairly secret and sensitive cassette?

5 A Well, you know, you have to put it in the context
6 of Oliver North. This is a National Security Council
7 deputy director, political military affairs. I mean, you
8 know, to a GS-15 [REDACTED] this guy talks to God, all
9 right?

10 And he meets at a level, and, obviously, I knew
11 where he worked in the Executive Office Building. He has
12 got tremendous access -- which is to say, he couldn't simply
13 pick up the phone and say, "I want clearance for Rafael
14 Quintero" or for John Jones or Joe Doe, you know?

15 He is outside of my area of experience, or this
16 was outside of my area of experience. In the agency we
17 certainly wouldn't have done it, but then this is the NSC.
18 Maybe they have got special things that they do.

19 Q Okay.

20 A It all goes to the fount of this. I mean, North
21 is not some ordinary American citizen that suddenly is
22 in a position -- in this position. This is a man who had
23 dealings with obviously the Director of CIA. He was at the
24 conference in August of 1984 [REDACTED] I saw him there.

25 You know, he deals with my division chief. I am

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1 going to question him as to how come this guy that he
2 says is totally trustworthy and so forth.

3 I certainly questioned him, but he gave me the
4 bona fides. That is fine with me.

5 Q But, on the other hand, you hear, you see
6 Colonel North obviously involved with lethal re-supply of
7 the contras.

8 A Which I understood he was permitted to do.

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#2a

mas 1 1 Q In a very active way. He has KL-43s which you
2 know he has given to Rafael Quintero. When planes get
3 stuck in the mud you call Colonel North to get them out.
4 A Right. C
5 Q Did you ever tell [REDACTED] that you had a KL-43?
6 A I told my division chief that I did.
7 Q When?
8 A April of '86.
9 Q Who did you tell?
10 A [REDACTED] L
11 Q And when was -- where were you when you told him
12 that?
13 A [REDACTED] In my office.
14 Q Did you show it to him?
15 A Sitting right behind my desk and I pointed to it.
16 Was in a bag with, TRW bag, I said that is the communications
17 equipment I got from Ollie.
18 Q What did he say to you?
19 A He looked at it and he said, okay, didn't say
20 anything, he said -- I had raised the whole question that
21 I felt a little uncomfortable in dealing with the passing
22 of information to the private benefactors that even though
23 I recognize that it was permissible under the agreement
24 between the Agency and the Congress to pass intelligence,
25 I still felt a little uncomfortable in doing it. I wondered

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m2 1 if there wasn't a better way to do it, and what he
 2 responded was when^{he} got back to Washington he was going to
 3 check on the law and check on this whole situation, and he
 4 would get back to me. And in May, we had [REDACTED] conference
 5 [REDACTED] and he raised the problem, and he said -- he
 6 raised it in front of [REDACTED] he raised it in front of
 7 [REDACTED] and
 8 he said [REDACTED] got a problem, and we got to fix it.

9 By that time I had come up with an idea of how to do
 10 it.

11 Q This is by putting it through the --

12 A By putting a Nicaraguan communicator [REDACTED]
 13 [REDACTED] that we had trained, with equipment
 14 that we supplied to him, and then he could do an inter-
 15 face, direct interface with the private benefactors out of
 16 [REDACTED] using our communications equipment and our
 17 one-time code ^{bands} ~~books~~, communicate with the communications
 18 center [REDACTED] to the people inside Nicaragua, and back
 19 the same way to the private benefactors.

20 And I guess you know the story of what happened after
 21 that.

22 Q Yes.

23 A But --

24 Q But it is your testimony that you specifically
 25 told [REDACTED] when you met with him in April of '86 that

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m3 1 you had a KL-43?

2 A In my office.

3 Q And that it was to communicate with Ollie.

4 A That is correct.

5 Q Did you tell him --

6 A The private benefactors.

7 Q Sorry.

8 A With the private benefactors.

9 Q You told him it was so that you could communicate

10 with the private benefactors?

11 A That is correct.

12 Q Did you tell him you had gotten it from Ollie?

13 A I believe I did.

14 Q Did you tell him you had actually received it from

15 Rafael Quintero?

16 A No, I don't think I ever mentioned Quintero's

17 name to him.

18 Q But it was clear from what you said to him that

19 the private benefactors also had a KL-43.

20 A Oh, sure. You know that is who I was communicating

21 with and that is what the problem was that we wanted to fix.

22 There is a point I want to make here --

23 Q Sure.

24 A -- and that is I also told him I kept the

25 ambassador fully informed in response to his question, and

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m4 1 that seemed to satisfy him. As long as you keep the
2 Ambassador fully informed, you know, I don't see that there
3 is a problem -- fully informed in the sense that I was
4 passing information, that we had a flight coming, whatever.
5 And also that I had requested the flight path and hostile
6 forces information from headquarters and had relayed that
7 to the benefactors for the purpose of the flight.

8 Furthermore, after the L-100 flight and all the
9 subsequent flights all the way through September, I sent
10 intelligence reports, disseminated what we call intel
11 dissends, disseminated intelligence reports ^{through} ~~though~~ the
12 intel community in CIA channels concerning delivery of this
13 material and as I pointed out in my testimony to the
14 Senate, I think it is evident here when the problem was
15 not fixed and when North said he had these supplies to
16 send down in September, I agreed to pass the information
17 on the drop zones and so forth, and as soon as that first
18 intel report was received in Washington, they knew that
19 there was -- that the communications link had been
20 established again.

21 They knew it as of the first intel report that they
22 received and nobody from Washington came down and said,
23 "Stop what you are doing, [REDACTED]"

24 Q Let me show you a memo that has [REDACTED] 4-12-86
25 and [REDACTED] at the top.

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m5 1 Do you remember this one?

2 A Yes. It was referred in the Tower Commission
3 report and I wrote up notes for counsel. I would like
4 to quote because it was a very spontaneous when I wrote this
5 and I think it reflects my thinking now and at the time.

6 Q All right.

7 A So the portion of the April 12 message which
8 mentioning the creation of the 2000 man force, end quote,
9 reflects a poor choice of words on my part and needs
10 explanation. First the message should be understood in
11 context of an informal communication and as such was
12 written in an offhanded style. It was obviously not meant
13 to be anything more than a simple direct expression of an
14 ideal, perhaps of an ideal perhaps unattainable situation.

15 Secondly, in a more appropriate choice of wording
16 I might have cited the expectation of the Southern Front
17 commanders whose views I was essentially representing as
18 my own, and the exhortation that all USG and
19 Nicaraguan resistance elements pull together in support
20 of a southern front, including the NSC.

21 For the record, the message represented a bit of
22 brainstorming and I subsequently wrote an identical cable
23 to Headquarters in a staff channel message of the existence
24 of this panel was made in the office of the Inspector
25 General -- and hopefully has been found.

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m6 1 So to summarize I would like that understood in
2 the context of being really a reflection of what the
3 southern commanders wanted, and this came as a result of
4 our contacts with them.

5 Q The difficulty is that you creating a 2500 man
6 force is the one thing I take it which you knew you could not
7 do.

8 A Of course I couldn't do, on April 12 although
9 we had expected the vote I guess to be a favorable one
10 sometime in the spring this was looking, this was
11 something that we were looking down the road at.

12 Q Right.

13 A As it turns out it was what, four months later,
14 3 or 4 months later, June -- no, two months later, that
15 the vote finally took place but it wasn't until October
16 24, '86 that [REDACTED] actually got a scent.

17 Q The portion of this memo right before the
18 section that you talked about though similarly suggests
19 "our plans during the next 2 to 3 weeks include", and it
20 lists the various drops, NHAO drops --

21 A Please put it in the context of the southern
22 commanders. Please put it in that context.

23 Q But is it you and the ^{southern} ~~southern~~ commanders or
24 is it just the southern commanders?

25 A That is so hard to distinguish. Obviously

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m7 1 reflect their concerns. I was their advocate, their
2 spokesman. I was the person who was reporting on their
3 problems to the communities.

4 Our intelligence reports all reflect that
5 repeatedly. The condition that they were in, what they
6 were suffering. I mean that was my responsibility.

7 Q Alleviating their condition, I take it?

8 A No, reporting it.

9 Q Right.

10 A Sympathizing with them, explaining to whoever
11 had to know about these things what condition they were
12 in so in expressing the question -- remember we are dealing
13 with a machine there that is very limited in its function
14 and so when I said "our" I am representing an aggregate
15 of [REDACTED] views, the commanders' views, the southern
16 political views. I am not trying to be cute with words or
17 writing for the purpose of the record.

18 Obviously had I known that this thing was going
19 to get so much scrutiny there would -- it wouldn't have
20 been done in such a careless way. If you read my intel
21 reports in fact you will read most of my operational cables
22 I would say 99 percent of them, you will find they are
23 very carefully done.

24 Q I have read an enormous number of them, I think
25 Mr. Giza has probably read every one.

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MR. GIZA: I read a lot of them.

BY MR. EGGLESTON:

Q And I think that is generally true.

A I was very careful with the wording so I get trapped by the sort of familiar style because after all I am writing to my buddy, Ollie, and that sort of engenders a certain sense of --

MR. LEON: Informality?

THE WITNESS: -- of informality.

MR. GIZA: You also knew these cables were not going to be subjected to the dissemination that your cables that were sent to Headquarters would be subjected to, right?

THE WITNESS: Within the general sense of my relationship with Ollie, that is correct, and I want to make a point about that because I am sure that at some point in our discussions here today, it is going to be raised.

What about this relationship with North and me? We were close friends. We -- I saw in him a very dynamic individual, someone who truly believed as I did, and I do, that the cause of the people who I was in contact with on an almost daily basis was a legitimate one, that I saw in North a person who would not shirk from doing what he could do to support these people.

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By the same token, I must say in all honesty

that there were political differences between myself and

~~██████████~~ and I saw in Ollie North an advocate at

the ~~low~~ ^{high} level so that my views could be more fairly

represented than I thought they were being represented,

than I believed they were being represented by ~~██████████~~ who I

think had a different agenda.

BY MR. GIZA:

Q What do you think that agenda was?

A A much stronger political role for the FDN, and

that the south led by Alfonso Robello was incapable --

or say that that was the moderate social democratic elements

of the resistance were unable to adequately represent the

strong political position that ~~██████████~~ wanted them to

represent.

~~██████████~~ on a number of occasions attempted to

manipulate situations -- and don't ask me to pin them down

because I can't -- whereby I felt that the southern poli-

tical organization was put at a disadvantage, that I

was being -- that my arguments were not being heard with

the weight that I felt that they should be heard, and so

essentially what I did is I enlisted Ollie North by

virtue of our friendship and our relationship to be my

advocate at that level.

Now, my cables to a certain degree if you read

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m10 1 them in that light will reflect that [REDACTED]

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[REDACTED] I battled him for a year until he

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finally said this is the way it is going to be, and then as

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a good soldier I said all right, I accept that. But I

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argued forcefully and I enlisted North to argue forcefully

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as though he represented himself and not necessarily me

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in those councils of policy that [REDACTED]

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MR. EGGLESTON: I have seen that show one time

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and that was the one I happened to see.

16

THE WITNESS: Well, let me tell you that that

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was one of many points of contention, and in all honesty

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it was a very professional difference, never a personal

19

difference. I have great admiration for [REDACTED] talents and

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his abilities. He is a very bright person, forceful person,

21

a very articulate person, but as a chief of station trying

22

to accomplish certain things, I felt that we were being --

23

that we were not getting the kind of understand^{ing} that was

24

necessary so, yes, I did do that. Maybe that is called

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political maneuvering, maybe it is called a lot of things,

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ml 1 but that is essentially one form of my relationship with
2 Ollie North.

3 BY MR. LEON:

4 Q Did you ever act around [REDACTED] back? ^C

5 A Oh, no.

6 Q Did you ever go around [REDACTED] back in acting out
7 North's wishes? ^C

8 A No, oh, no. Look, on the aspect of North and
9 what he was doing with the private benefactors and my
10 participation in passing the information, I was convinced
11 throughout this period that my superiors in Latin America
12 Division, [REDACTED] ^L and North were fully aware of the passing
13 of the information, and that was clearly --

14 MR. EGGLESTON: [REDACTED] ^L and [REDACTED] ^C?

15 THE WITNESS: [REDACTED] ^L and [REDACTED] ^C Make sure it's
16 [REDACTED] ^L

17 MR. EGGLESTON: North as well?

18 THE WITNESS: Not my superior, but they knew what
19 I was doing in terms of passing information back and
20 forth between the commanders and the private benefactors
21 as was shown in that meeting in May [REDACTED] and the
22 attempt to resolve the problem and the fact that intel
23 reports in September when the flights resumed again, that
24 they saw these things coming in and they said nothing.
25 They allowed it to continue. So what am I as a reasonable

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m12 1 person supposed to assume? Certainly, I had not -- while
2 I may not have had specific authorization to do this or to
3 do that, neither was there a specific instruction not to
4 do it.

5 BY MR. EGGLESTON:

6 Q Let me, show you another one that you have
7 seen before, [REDACTED] 4-15-86, [REDACTED] " it says.

8 Have you seen this one before?

9 A Yes.

10 Q Let me just take this one sort of piece by piece.

11 First, "delivered to [REDACTED] by 707 yesterday
12 is a planeload of ordnance for your friends."

13 Do you know where the 707 came from?

14 A No, sir.

15 Q You didn't even know if it came from Europe or
16 you didn't have any --

17 A Or the moon.

18 Q You didn't have any idea.

19 A No.

20 Q About half way down it says, "Is there a UNO/HRN
21 communicator being placed in [REDACTED] " I may have
22 misunderstood but it was my understanding that this was
23 sort of the resolution and that you knew by this time
24 there wasn't any.

25 A No, no, no, no, [REDACTED] came down in April and the

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m13 1 idea of placing a communicator was my idea that I raised as
2 a proposed solution in May. Of course there wasn't one
3 at this time because we had not worked out anything yet.

4 Q Right.

5 A But that we would put a communicator up there in

6 [REDACTED]

7 Q Aye.

8 A I raised that at the meeting in May, on July 12
9 the cable came down and said hands off.

10 Q But at this time you knew there was no communicator.

11 A Right, sure, sure we knew that. There was
12 never any communicator. At some point I assume I sold
13 Ralph, I don't think I told -- this is from North -- I may
14 have told North that one possibility is to put a UNO/FARN
15 is the Negro Chamorro portion of UNO, to put one
16 Nicaraguan communicator up there, throwing it out as an
17 idea. But the thing was not -- there was no communicator
18 then. I was still handling the passage of information then.

19 When we went [REDACTED] in May I raised the
20 idea formally in the meeting with [REDACTED] and the
21 [REDACTED], and that is the chronology of it.

22 Q Is this a message from North to you?

23 A That is from North.

24 Q To you?

25 A Yes.

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86

m14 1 Q Do you remember getting it at the time? I don't
2 mean do you remember getting it at [REDACTED], but --

3 A Yes, I got the message.

4 Q Explain to me why he writes, "When and where do
5 you want this stuff?

6 A "You" -- again it is the commanders.

7 Q But he is expecting you then to ask the
8 commanders?

9 A I could not accept a bullet. I would not accept
10 a bullet. Where [REDACTED] could I have? I mean, when
11 he is saying "you", he is referring generically to you
12 in the south, you the commanders in the south. By the same
13 token, the commanders inside Nicaragua never had a set
14 position for more than 48 to 72 hours because of the
15 Sandinista pressure on them.

16 So when he comes in, this is shorthand for saying
17 when do you want -- when do the commanders want the stuff
18 delivered.

19 Well, at that point I would then see that a
20 message got into the commanders saying are you prepared to
21 receive, if you are prepared to receive, then please give
22 us a location, a drop zone location.

23 They would then -- this was all done by one time
24 pad, secure communications. Now, often when we did this
25 we advised them there is a delivery for you, the benefactors

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m15 1 wish to deliver for you, can you receive it. They would
 2 say no, we are not in a position to receive it and we don't
 3 expect to be for maybe three days or so because of the
 4 particular pressure that they were under militarily, combat
 5 that they were under at the time.

6 When they were ready to receive it they would then
 7 notify the communication center and say, okay, now we
 8 can receive it; we will have a location; and they would
 9 give us a location, secure for the next 24 to 48 hours.
 10 That would be relayed back [REDACTED] and they would say
 11 well, we can't make it in the next 24 to 48 hours, or,
 12 yes, we will try and we will let you know.

13 Sometimes they gave us 4 or 5 hours notice
 14 meaning that the plane is leaving at such and such a time,
 15 and it will be there tonight. Hopefully we will be able
 16 to raise the people inside and tell them, light the ^{fires} ~~fires~~
 17 at such and such a time for the drop. Sometimes we would
 18 have -- they would tell us after the flight was under way
 19 that they had to turn around and go back to base. We
 20 would have to notify them. Please understand that [REDACTED]
 21 [REDACTED] myself, I and the people [REDACTED] the
 22 Nicaraguan communicators were only a conduit between the
 23 commanders and these people. We did not decide when a drop
 24 takes place, we had no way to do that. It was up to the
 25 people inside to decide when they could receive a drop.

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1 We could not dictate to them. We did not know what their
2 situation was.

3 BY MR. EGGLESTON:

4 Q I understand, but you have indicated -- actually
5 before I get into this, let me talk to Dick for a second.

6 MR. WILSON: Can we take a short break.

7 MR. EGGLESTON: Sure. Do you want to take a
8 couple minutes. I don't have that much more to go.

9 (Short recess.)

10 MR. EGGLESTON: Back on the record.

11 BY MR. EGGLESTON:

12 Q I have seen the cables that you have sent to
13 Headquarters and the cables that came back that related
14 primarily to vector information, weather information,
15 and things like that.

16 What I would like to ask you though is did you
17 provide information to Headquarters that you were in
18 communication with the commanders in the field to inform
19 them that military supplies were available? Were they
20 aware of this type of communication that you were having
21 with Colonel North?

22 A I don't remember.

23 Q Okay.

24 A I don't remember what I said in those cables.
25 I just don't remember. Just that they were the southern
forces were expecting a resupply flight and requested

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m17

1 that information.

2 Q That is my recollection that the cables were
3 essentially saying.

4 A That is the best I can do for you.

5 Q If it is not in the cables, it is not anywhere
6 it is, it is not in personal conversations or secure
7 conversations or whatever?

8 A No. Not that I recall.

9 Q Okay. I am almost done. I have a lot of
10 tabs but I am not going to be asking about all of them.

11 A I think when I first talked to anybody about the
12 whole thing was with [REDACTED]

13 Q In April?

14 A Yes, in April. That was just -- no, it was just
15 after the L-100 flight and frankly I was not comfortable
16 with the situation and I wanted to be sure that passing
17 of this kind of information which was according to my
18 understanding within the parameters of the agreement, that
19 it was okay and that is why I talked to [REDACTED] who was the
20 Chief-designate for Latin America Division.

21 L Q Do you know whether the time you spoke with
22 [REDACTED] was before or after?

23 A You would have to check when I was there,
24 I don't remember. I know it was before May 1st because
25 he took over May 1.

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m18 1

MR. GIZA: Right.

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MR. EGGLESTON: Do you know when he was there?

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MR. GIZA: No, I think he was probably taking

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a trip around the region before he took over.

5

THE WITNESS: Correct. He knew many of the

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characters I was dealing with.

7

MR. GIZA: Sure. He was head of the Task Force

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when you were there.

9

THE WITNESS: Yes, he brought me into it.

10

Off the record.

11

(Discussion off the record.)

12

MR. EGGLESTON: Let's get back on this.

13

BY MR. EGGLESTON:

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Q I only have about two left and we will finish

15

up. This is one that says at the top "Copp: 4-28-86

16

[REDACTED]". I am not suggesting it is to or from you

17

or that you have ever seen it before, but there is a

18

reference to two things I want to know whether you have

19

any knowledge of.

20

The first was in handwriting at the bottom, and I

21

don't know if you recognize the handwriting, it says

22

need to get codes and -- looks like photos -- to [REDACTED]

23

This is at the end of April '86. Do you know

24

what this is about?

25

A Codes, I can only assume that I needed the May

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m19 1 cassette.

2 Q Right.

3 And does that say photos?

4 A Oh, you know what they were? The pictures of
5 [REDACTED] and us at the White House with the President.

6 Q Okay.

7 There is one other thing that I just want to ask
8 you whether you know what it is about, paragraph 3, that
9 was in handwriting at the very bottom designated as
10 paragraph 6, paragraph 3 which is typewritten, Olmsted
11 still needs to go to Miami to produce radios for [REDACTED].

12 MR. WILSON: Procure.

13 MR. EGGLESTON: What did I say?

14 MR. WILSON: "Produce".

15 THE WITNESS: No, I have no idea.

16 BY MR. EGGLESTON:

17 Q Just two left, this one says at the top "Copp:
18 5-28-86, [REDACTED] Below that it says "May 02, [REDACTED]

19 [REDACTED]." Can you read paragraph 1 and tell me if
20 you know about that?

21 A The indigenous along the Atlantic Coast were the
22 most neglected of all the southern forces and as I
23 recall it Quintero wanted to know how they could get --
24 what would be one way of getting deliveries into these
25 people, to the Indians along the southern coast. I said

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m20 1 there are only two ways to do it, one is by boat and the
2 other is by air. By air it was suggested that they could
3 fill weapons into 55 gallon drums, seal them, watertight
4 seal them and then put what he called a Kemlite, it is a
5 chemical and plastic thing that when crushed the chemicals
6 interact and it creates kind of -- cylinder would glow so
7 that when the aircraft kicks these 55 gallon drums out
8 and they are floating in the water along the coast, that
9 the little Kemlite thing would glow and the people in
10 their canoes could come out from the coast and retrieve
11 them, retrieve the 55 gallon drums.

12 Well, that didn't ring like it would be very
13 practical to me because it involved all sorts of
14 coordination and communication between the Indian groups
15 and the private benefactors, and what time and all, and
16 these Indian people were not capable of doing that. So we
17 discarded that. I discarded that as a possibility given
18 my own knowledge of their circumstances.

19 Furthermore, they didn't have radio equipment,
20 they didn't have -- they were not trained in the use of
21 radio secure, secure use of radios. So these were, I
22 discarded that.

23 Then he said, well, what if we provide boats?

24 I said --

25 Q These are conversations with Quintero now?

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m21 1 A With Quintero, yes, he was asking me based on my
2 knowledge of what I knew of their condition inside, what
3 would be practical, what would be impractical in providing
4 support to these people because everybody, myself
5 included, recognized that the Indians are probably the most
6 effective force that exists along the Atlantic, eastern
7 part of Nicaragua. They are fighting for their tribal
8 lands, they are fighting on their own territory, they have
9 their own language, and they have their own culture which
10 is something that the Sandinistas have been trying to bring
11 under the regime's control and they have been generally
12 ineffective in doing so.

13 Besides that, they can live with a lot less than
14 the caucasian Nicaraguan can live with.

15 So it was proposed that they would buy, that the
16 private benefactors would buy Zodiac -- these are rubber
17 type boats -- I think it was in Miami or someplace and
18 that they would deliver them to, by air to the Atlantic
19 coast people so they could start running their -- running
20 some sort of supply line up and down the Atlantic
21 coast.

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m22 1 [REDACTED] what they
2 really needed at that time was primarily medical supplies
3 and other things, and that is why they were going to bring
4 these boats in.

5 Well, I don't know what happened. They didn't
6 buy the boats. They didn't get the boats delivered. They
7 didn't do that or that. There was a lot of promise and no
8 delivery. As it was with most things. But that is basically
9 what that means. It was another one of these ideas that
10 these people and I don't know, some of it evolved from
11 conversations that I had with Quintero, others I think came
12 from North or somebody but once we tried it on for size
13 it just didn't work.

14 MR. EGGLESTON: Okay, I have --

15 THE WITNESS: Like the Medevac plane, the
16 Maula

17 MR. EGGLESTON: I have no further questions
18 that I would ask. I will say something more at the end
19 when everybody is done. I may want to ask you other
20 questions, but thank you for putting up with us one more
21 time.

22 THE WITNESS: Sure. I am just sorry I have not
23 been able to be more explicit on things but obviously
24 I am trying to recall memories and I have not had access
25 to any records from Headquarters. My dates are fuzzy. My

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m23 1 recollection is certainly fuzzier. Then I am trying to
2 separate what I have read in the paper from what I knew
3 at the time. Some of it gets a little bit -- remember
4 another thing, too, please in all this. I know I am not
5 using it as an excuse, but this whole thing, when you
6 put it altogether in one package of time probably didn't
7 represent any more than about 1 percent of all my activity.
8 Weeks would go by without even a call to North on the
9 secure line or a message, and then obviously there are
10 the constant disappointments of promised flights and no
11 deliveries.

12 After all we are talking about a period from
13 approximately late January, 1986 until September 23 or so,
14 the third week of September 1986, 9 months, 6 of those
15 flights as I recall them came in one month, September, and
16 the rest of it was a lot of promises, maybe we can do
17 this, maybe we can do that, and all the time laboring with
18 the problem of trying to stay well within the definition
19 of the amendment and at the same time, putting up with
20 the terrible strictures of dealing with these
21 people face to face and not being able to satisfy their
22 real, real needs.

23 But my [REDACTED] operations, [REDACTED]
24 [REDACTED] occupied 99 percent of my time.

25 So if I am fuzzy on these things, it is because it really

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m24 1 didn't have the focus of my attention.

2 So I apologize for that.

3 MR. EGGLESTON: I don't know who wants to go
4 next.

5 BY MR. GIZA:

6 Q [REDACTED] let me say I was out of the room
7 for a half hour and if I ask you a question that you have
8 already responded to, just say that you have already
9 responded to it in this session with Mr. Eggleston, and
10 I apologize.

11 Did you on any occasion ever have any private
12 conversations with Director Casey?

13 A Yes, two.

14 Q Did you describe this previously in the Senate
15 committee?

16 A I sure did.

17 Q Did you ever have occasion to send privacy channel
18 messages to Mr. Casey during your period of time [REDACTED]

19 [REDACTED]
20 A No, sir.

21 Q When you discussed with me the issue of the
22 southern front and the problem that you had with [REDACTED]
23 [REDACTED] and how you went to Oliver North for assistance to
24 push this issue --

25 A Let me say, please don't misunderstand, it wasn't

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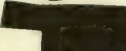


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m25 1 a conscious decision. It was just that Ollie offered
 2 an opportunity to have my views aired so that there would
 3 be as much balance as possible. I didn't plot the thing
 4 out to make sure that Ollie -- I didn't say look, I want
 5 you to do this, I want you to do that; it wasn't that. I
 6 would give him my views and I expected him, maybe he did,
 7 maybe he didn't, but I expected him to at least present
 8 those views at the RIG.

9 Q That is understood. Without getting into this in
 10 a long amount of detail, my basic sense that you are commu-
 11 nicating to us is that you had a view that differed from
 12 the view of your superiors in the Central Intelligence
 13 Agency concerning the activities and operations of the
 14 southern front?

15 A Not from my superiors, from one superior.

16 Q Okay. Did you ever go to your superiors above
 17  to communicate that view? Did you ever go
 18 to  or  or Clair George?

19 A Not  because  really kind of
 20 let  handle all the Central American things, but to
 21  sure, on several occasions I expressed my
 22 concerns about what I thought was an imbalance.

23 Q Were these in personal discussions or were these
 24 in message traffic?

25 A No, personal discussions.

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m26 1 Q Do you know --

2 A And only to make, to get things back on track.

3 It was again, this was, please, it was a professional
4 difference of opinion. It wasn't personal. I didn't go
5 behind [REDACTED] back to do it, but I, [REDACTED] and I had
6 worked together a long time [REDACTED] as well as in
7 Washington, we knew how our style of operation was. we
8 were both Latin America experts; whereas, [REDACTED] had a
9 different perspective and there were times when I just
10 couldn't make points that I really felt needed to be made
11 and therefore I would talk to [REDACTED] about it and [REDACTED]
12 would talk to [REDACTED] about it.

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STEIN

BY MR. GIZA:

CAS-1

Q One further question. Did you know

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A Yes.

Q Did you ever have discussions with

about the general problems of providing assistance to the
contras?

A Only in the context that he was

and that

were the contras effective from the perspective of
Nicaraguans, the civilian populace inside Nicaragua and
my general lament that the cutoff was devastating to
the people in the resistance.

Q Did you ever have discussions with him after he
left his position and became
Special Assistant to the Director of Central Intelligence?

A I never saw him again. I haven't seen him since
he left as

MR. GIZA: No further questions.

EXAMINATION

BY MS. WESTBY:

Q Is it fair to say then that the reason you got
involved -- why did you get involved in giving vectors?

A Because it was proper for me to do so.

Q And Ollie asked you directly to do that?

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CAS-2 1 A No. It was proper for me to pass information to
2 the commanders inside concerning delivery information.

3 Q So that was your complete understanding, that
4 it was proper for you to do so.

5 A Certainly it was proper for me to do so.

6 Q And up until you have the conversation with
7 [REDACTED] --

8 A I said I was uncomfortable with passing this
9 information, which was certainly unorthodox in my experience
10 as a CIA field operations officer so I raised it with him
11 and he said he would look into it. Then we had the meeting
12 [REDACTED] and I graphically remember the moment when he
13 said [REDACTED] has got a problem and we have got to fix it and he
14 said that to the assembled [REDACTED] and we had to
15 figure out how to get this communicator up there so he could
16 interface and I would be clearly relieved of that
17 responsibility and I don't think that there was ever a
18 question about the legality of my passing that
19 information.

20 I think that where there was concern and there
21 were certainly events in that cable of July 12 that there was
22 a political concern, not a legal concern.

23 In other words, [REDACTED] wrote in that cable we are
24 close to the vote, let's not screw up now or words to that
25 effect by getting too close to the private benefactors and

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CAS-3 1 yet by saying so we would have been essentially denying the
 2 legitimate need of the resistance to obtain information
 3 from us concerning delivery of material, including
 4 information such as risk of hostile forces and so forth
 5 that would ensure the safe delivery of material in hostile
 6 territory to them.

7 Q So it was never your impression -- you never said
 8 to yourself well, I know I am doing something wrong --

9 A Let me make it very clear to you, to this very moment
 10 I never did anything wrong -- ever. ^{Maybe} ~~Maybe~~ I didn't do
 11 everything exactly right, but I never did anything wrong.

12 Q Okay. This may have been covered in your Senate
 13 testimony, but how did it come about that this started? Did
 14 Ollie ever say to you -- did he say, Buddy, can you do me a
 15 favor? Did he ever put it in the context --

16 A Remember, the commanders signed an agreement in
 17 January of 1986 whereby they, the former Pastora commanders
 18 agreed to align themselves with the UNO commanders and take
 19 inside with them the Chamorro forces that were or troops
 20 that were [REDACTED] They went inside and they
 21 under the aegis of UNO and as a result of that, they
 22 expected to receive supplies at some point when the
 23 funding was to be resumed.

24 Now, that was expected to be some time in March
 25 or April. It didn't come about -- the vote didn't even come

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CAS-4 1 about until June. At the same time, North had supplies or
2 the private benefactors had supplies at [REDACTED] The
3 private benefactors advised me that they had these
4 supplies which they were willing to deliver to the
5 commanders who were inside now under this political
6 umbrella of UNO and they asked would you pass this
7 information.

8 I was well aware that we were allowed to
9 pass information on the basis of the agreement that had
10 been reached under the \$27 million humanitarian aid and the
11 \$3 million communications aid in that agreement that existed
12 between the agency and the House and the Senate, that we
13 were permitted to pass them information or intelligence of
14 an intelligence nature, of a counter-intelligence nature,
15 including information for the safe delivery of supplies.

16 So on the basis of that, I sent the cable off saying
17 that the southern commanders are prepared -- will be receiving
18 supplies from the private benefactors, headquarters, can you
19 ^{provide}~~private~~ flight path information. At that point had there
20 been anything illegal in the situation, I am sure headquarters
21 would have said no, we can't provide that.

22 They didn't. They provided very detailed information
23 concerning the flight path and the risk involved in a delivery
24 flight.

25 Clearly, I accepted -- not deduced, I accepted the

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CAS-5 1 fact that this was legitimately passed information and that
2 my activities were legitimate. I hope I am not being
3 argumentative with you.

4 It is just that I have got to get my view out
5 and it hasn't been so far. It has been distorted in the
6 press and with the things -- you asked me if I had talked
7 to -- I haven't talked to Clair George since summer of 1984.

8 MR. EGGLESTON: I didn't ask you that. It must
9 have been at the Senate.

10 THE WITNESS: No. It was the fellow who was here.
11 The press says I got Clair Goerge's tacit approval. It
12 didn't happen and it didn't need to happen because I was
13 functioning within what I felt were permissible -- in a
14 permissible activity.

15 EXAMINATION

16 BY MR. LEON:

17 Q Did you have any knowledge of the contras being
18 ripped off in the construction of the base?

19 A The contras had nothing to do with the base.

20 Q I should say -- the money that was being used
21 to build the base.

22 A I have no information about that.

23 Q You came across no evidence of over-billing for
24 the the services of the construction work --

25 A Quintero thought that [REDACTED] was

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CAS-6 1 probably ripping him off ten percent, but that was well
2 within the accepted conditions of that kind of deal in
3 Latin America.

4 No, I didn't have any, and I don't know about
5 any profiteering.

6 Q You never saw any evidence to support that?

7 A No.

8 Q Did you ever deal with General Secord?

9 A General Secord -- I met General Secord once in
10 the Ambassador's office [REDACTED] The Ambassador
11 introduced me to him and at that time -- Secord or
12 Singlaub?

13 Q I asked you Secord, but I will also ask you Singlaub

14 A I only met Secord at the meeting in Washington.

15 Q How about General Singlaub?

16 A He was introduced to me by the Ambassador in his
17 office and he explained that the reason he was [REDACTED]
18 was to convince Pastora to accept unity under the UNO
19 umbrella.

20 Q Was Barbara Studley with him by any chance?

21 A I believe she was. I never saw her. I think
22 the ambassador mentioned that she was there [REDACTED]
23 at the time, yes, but she did not participate in this
24 meeting nor did I ever meet her.

25 General Singlaub went on with this sort of wishful

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CAS-7

1 hope that he could convince Pastora to accept unity. I
2 gave General Singlaub about a ten minute recitation on
3 the capriciousness, instability, erratic behavior of our
4 experience with Pastora in previous years.

5 I said I thought that his effort was, while
6 well-intentioned, was ill-advised. I thought that he
7 should have no contact with Pastora whatsoever because it
8 might give Pastora the wrong signals.

9 Here the UNO was trying to consolidate all of
10 its political efforts under one umbrella organization with
11 our, of course, endorsement, and strong urging, and all
12 that Pastora could do was to become very disruptive to that
13 process.

14 So I did everything I could in those ten minutes
15 to try and discourage him from doing this. In any case,
16 he told me that he was determined to do so and that he
17 was going to meet with Pastora and offer assistance in
18 return for his cooperation.

19 I essentially ended the conversation by telling
20 him that as a private American citizen he could do as he
21 saw fit but he would certainly not be acting at that time
22 in what we considered to be the best U.S. interests.

23 Q What time frame was this?

24 A I have no idea.

25 Q 1985, as opposed to 1986?

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CAS-8 1 A 1986. March -- there is a cable. The Senate has
2 a cable. Let me tell you what happened. I left town. I
3 had to go to Miami or someplace in consultation. When I
4 came back I found that my deputy had released the cable from
5 the Ambassador to North, [REDACTED] and Abrams in which he
6 outlined what Singlaub had done, and in that cable the
7 promise that Singlaub made was that the United States will
8 provide Eden Pastora with assistance and so forth.

9 And when I returned and saw this cable, I immediately
10 went to the Ambassador and said, sir, I think you have made
11 a big mistake in allowing not only him -- not disclaiming,
12 but also distancing ourselves from any such agreement which
13 says the United States which implies the United States
14 Government, but I felt that it should not have been
15 relayed to Washington and we should have sent -- you should
16 have sent Singlaub back to make sure that he, Pastora,
17 understood that it is not a United States entity which is
18 promising him this support.

19 In any case, by the time I was able to get this
20 message across, Assistant Secretary Abrams sent
21 Ambassador Tambs a very strongly worded cable
22 concerning that. It was so strong that I frankly
23 thought that Ambassador Tambs' days were numbered. I then
24 sent -- I wrote a cable in the same channel to the same
25 people with a -- what the Ambassador meant to say was kind of

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CAS-9 1 cable, and what should be understood by this, and the
2 Senate did have this cable traffic. That was the only
3 experience I had with General Singlaub. Who, if I never
4 see again --

5 Q Do you recall North or ^C [REDACTED] reaction to that
6 cable?

7 A They were in full agreement with everybody, with
8 me, with our position that that was a terribly stupid thing
9 to have happen, to have Singlaub go out and say this to
10 Pastora.

11 Of course, we were only interested in the political
12 aspects of it.

13 Q Have you had reason to think or heard rumors to the
14 effect that Singlaub was sent in there at the encouragement
15 of the CIA at higher levels in order to effectuate
16 bringing Pastora out of the bush so to speak, and ultimately
17 to weaken him?

18 A That is inconceivable because on the question of
19 Pastora, there was no difference of opinion between ^C [REDACTED]
20 and me and I can't imagine what level of CIA beyond
21 ^C [REDACTED] would even have considered such a thing.

22 And I, frankly, never heard of a link between
23 Singlaub and North.

24 Q Did you ever have any dealings with a fellow named
25 Max Gomez or Felix Rodriguez?

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CAS-10 1

A Yes.

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Q On more than a couple of occasions or limited?

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A Let me tell you about Felix Rodriguez.

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CAS-11

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9 I never saw him again. I talked to him once on
10 the phone, sometime last year in 1986, when I understood
11 that he was creating problems [REDACTED] or he was getting
12 himself involved with the FDN versus the southern versus
13 the private benefactor and so forth and Quintero gave me his
14 telephone number in Miami and in Miami I called to try and
15 get him to back off from getting involved in all these
16 problems or creating problems.

17 Once I got him on the phone, I heard this voice
18 again and he is a very argumentative, very forceful guy and
19 I said I am not going to get into it. I said, [REDACTED] I just
20 want to give you amambrazo, a hug, good luck to you, ciao,
21 regards. I never talked to him about it. It is a long
22 story, but because there has been too much in the press about
23 Max Gomez and this and that, I wanted to get it on the
24 record.

25 Q Do you have any evidence or any knowledge or

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CAS-12 1 reason to believe that Oliver North pocketed any money?

2 A Absolutely not. None. No.

3 Q No reason to believe that?

4 A No.

5 Q How about Rob Owen?

6 A I don't know.

7 Q You never saw any evidence to indicate that?

8 A No.

9 Q How about Lew Tambs?

10 A No.

11 Q How about Chichi Quintero?

12 A I don't know.

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21 Q You, yourself, never received any money in any
22 way, shape or form?

23 A Absolutely not, except for 68 or \$80 for the oil.
24 That is all. That I testified before about. Not a
25 nickel, sir.

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CAS-13

1 Q I just want that to be clear on the record. With
2 respect to Elliott Abrams, did you ever have any personal
3 dealings with him?

4 A No personal dealings. Professional.

5 Q I mean in any way, shape or form. Did you ever
6 meet with him?

7 A I met with him [REDACTED] on several occasions,
8 when I briefed him, he brought up about point west. In
9 the Ambassador's office, in the Ambassador's residence at
10 briefings, [REDACTED] the conference of
11 all the ambassadors and State Department people.

12 Q With regard to Abrams, did you have any reason to
13 believe that he was aware by anything he said or did that he
14 was aware of lethal supplies being provided to the contras?

15 A Specifically, no. My impression, I assumed he
16 was.

17 C Q The assumption was based upon your dealings with
18 [REDACTED]

19 A He gets copies of my intelligence reports and he
20 knew that deliveries were being made and that they were
21 private benefactors, because the intel report said so, so
22 I have to assume that he knew.

23 Do I know specifically that he read them? No.

24 Q Did North or [REDACTED] ever indicate to you that
25 they had specifically briefed the President on the receipt

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CAS-14 1 of lethal supplies by the contra forces?

2 A No.

3 Q Do you have any reason to beleive the President
4 was briefed in that regard?

5 A On lethal supplies to the contras? I know that
6 ^C [REDACTED] briefed the President because either he told me or
7 somebody told me that he had gone in for a briefing but it
8 was an agency briefing and I don't know what was said in
9 that briefing.

10 Q So it may or may not have related to ^{lethal} ~~lethal~~
11 supply of contras.

12 Did Oliver North ever give you either in writing
13 or orally a legal opinion that he had received from any lawyer
14 with regard to the legality of his conduct or the conduct
15 of any others who were assisting him in the resupply effort
16 of the contras?

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A I only asked him about my own situation; is what

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I am doing legal? He said, yes it is legal, you are only passing information. There are certain words that remain with you for a long time and those I certainly remember.

And he repeated that more than once. When I said are you sure, he said, yes, yes, it is legal.

Q When he commented did he refer to any legal opinion he had received from a private or government lawyer?

A If he did, I don't recall it.

Q Now, given the fact that North is not a lawyer, were you satisfied in asking him alone as to whether what you were doing was legal?

A This was also backed up by my own office.

Q [REDACTED]

A [REDACTED] specifically told me that passing information for the secure delivery of supplies was legal. [REDACTED]

Q Let me stop you there a second. Lethal supplies?

A Supplies. We are talking lethal supplies. Humanitarian supplies, there is no question.

Q Your clear understanding when you spoke with [REDACTED] was that he was commenting upon the delivery of lethal supplies?

A Yes.

Q When would that have been, approximately?

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1 A 1986. I don't remember. But you know, there is
2 no -- there was never a question in my mind about humanitarian
3 supplies obviously, so when we were talking about legality
4 concerning supplies we are specifically talking about
5 lethal supplies and in providing information for the safe
6 delivery of lethal supplies, that was specifically a point
7 that [REDACTED] addressed with me.

8 Q Okay. Fine. And nobody else at the agency?

9 A As I said earlier, where there was a question
10 was in the question of legality, it was in a question of
11 political propriety, in other words, we didn't want to
12 ^{antagonize} ~~antagonize~~ the Congress at a time when here we were getting
13 close to a vote where it might have been misunderstood or
14 misinterpreted.

15 Q So essentially you are saying, if I understand
16 you correctly, you didn't have any reason to think that
17 you were doing anything illegal at any point in time?

18 A Absolutely not. It has been brought to my
19 attention a comment that I had made I believe to the Senate,
20 at some point when the Indians were promised by us and given
21 communications equipment, which was authorized, they were
22 going to take it up -- they didn't have a way to take it [REDACTED]
23 [REDACTED] up the coast and into Nicaragua, so they came and
24 said we need a boat and we need two motors to put on the
25 dugout. And I went to headquarters and I said since they have

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jm 3 1 got to transport this communications equipment up there,
2 can we give them more than for a boat and the two motors so
3 they can transport it; and they said, yes. Can they take up
4 medical supplies, yes. And food, yes. Then they came to
5 us and said since we have the boat, the motor, the communica-
6 tions equipment and the medical supplies to carry up their,
7 we can't carry it up unless we have guns to take along with
8 us to protect this stuff.

9 I said that is a perfectly reasonable argument
10 but I could also see where there was a question of legality,
11 because we weren't allowed to provide military equipment.
12 So I sent a cable to headquarters and I asked them for a
13 suggestion or a decision, what do we do? They came back and
14 said, why don't you ask them to ask Negro Chamorro to give
15 them the guns that they need to protect themselves while they
16 are going up the coast, and that was how we handled that
17 particular thing.

18 So we were very cautious about our position
19 concerning the legal questions involved in this.

20 Q Who did you get that response from?

21 A From headquarters.

22 Q From [REDACTED]

23 A Either him or his designee.

24 Q And that was a while after you began your first
25 involvement in all these things?

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1 A Sure. This was during the period after the
2 humanitarian aid, the communications aid had been authorized
3 by Congress. You can see where it was a legitimate question
4 on the part of both the people carrying the equipment up
5 and [REDACTED]

6 Q Absolutely

7 A But yet it did cross the line. So we were
8 conscious of it. The other question which has not been
9 raised here yet is the question, did I direct any military
10 operations. I did not direct any military operations.

11 We reacted to whatever the commanders inside
12 needed or when they -- or to what their situation was. They
13 were the ones who told us [REDACTED] and we related it to the
14 private benefactors, or to Washington in the case of an
15 intelligence report.

16 Q Thank you.

17 MR. EGGLESTON: I am finished.

18 Thank you very much. We appreciate you coming
19 down.

20 (Whereupon, at 2:30 p.m., the deposition concluded.)

end jm

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Witness "W" Court order

DENIED IN
TOTAL

(5765)

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26 MAR 88

4/20/87

N 7110

BEGIN TEXT OF BACK CHANNEL

CIA FOR [REDACTED] C/LA/CATF
 DEPARTMENT OF STATE FOR ASSISTANT SECRETARY ABRAMS
 WHITE HOUSE FOR COLONEL OLIVER NORTH

SUBJECT PASTORA/SINGLAUB AGREEMENT

ON SUNDAY 20 MARCH 88 GENERAL JOHN SINGLAUB AND PARTY ARRIVED [REDACTED] AT REQUEST OF SENATOR JESSIE HELMS TO ASSESS THE SITUATION OF EDEN PASTORA AND HIS TROOPS. ON 24 MARCH THE SINGLAUB PARTY CROSSED THE NICARAGUAN BORDER AND VISITED A PASTORA CAMP [REDACTED]. [REDACTED] CAMP CONTAINED MAXIMUM OF 230 MEN UNDER COMMAND OF ADOLFO FORD CHAMORRO. [REDACTED] NP COMMENT: POPO CHAMORRO IS ALLEGED [REDACTED] TO BE INVOLVED IN DRUG TRAFFICKING.

LATE 20 MARCH SINGLAUB PARTY [REDACTED]. GENERAL SINGLAUB CALLED AMBASSADOR TAMBS AND ARRANGED FOR MEETING AT EMBASSY @ 930 HOURS LOCAL 25 MARCH.

MEETING ON 26 MARCH CONSISTED OF BRIEFING OF SINGLAUB BY AMBASSADOR [REDACTED] ON PASTORA'S HISTORY AS SPOILER. IT WAS AGREED THAT IF SINGLAUB COULD OBTAIN PASTORA'S WRITTEN AGREEMENT TO MEET CERTAIN CONDITIONS PASTORA SHOULD RECEIVE SUPPLIES VIA UNO.

LATE 26 MARCH SINGLAUB AND PASTORA SIGNED FOLLOWING

5766

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AGREEMENT

BEG. QUOTE DATE MARCH 25 1986

THIS MEMO IS TO ACKNOWLEDGE THE AGREEMENT MADE THIS DAY BETWEEN MAJOR GENERAL JOHN K. SINGLAUB USA RET. AND COMMANDER EDEN PASTORA

THE AGREEMENT IS AS FOLLOWS:

THE UNITED STATES WILL PROVIDE

1. BOOTS
2. FOOD
3. AMMUNITION
4. MEDICINE
5. MAPS
6. ENCRYPTED COMMUNICATIONS SYSTEMS

7. MILITARY NEEDS FOR PASTORA'S TROOPS INCLUDING NEW MEN WHO JOIN HIS ARMY

8. TRAINING ADVISORS

THE ABOVE PROVISIONS ARE BASED ON THE FOLLOWING AGREED COMMITMENTS FROM PASTORA

1. PASTORA WILL LEAVE WITH HIS TROOPS [REDACTED]

[REDACTED] PASTORA WILL LEAD HIS MEN

[REDACTED] INSIDE NICARAGUA

2. PASTORA WILLINGLY WILL ACT IN A COOPERATIVE AND GOOD FAITH MANNER WITH THE OTHER ELEMENTS OF THE NICARAGUA RESISTANCE

3. PASTORA WILLINGLY WILL ACT IN A COOPERATIVE AND GOOD FAITH MANNER WITH THE ADVISORS SENT TO TRAIN HIS MEN

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THE FOLLOWING SKILLS

- A COMMUNICATIONS
- B INDIRECT FIRE TECHNIQUES
- C DEMOLITIONS EXPLOSIVES
- D LOGISTICS
- E RANGER TRAINING

4 PASTORA AGREES TO TRAVEL TO EUROPE SOUTH AMERICA AND OTHER CENTRAL AMERICAN COUNTRIES TO EXPLAIN THE TRUE NATURE OF THE MARXIST LENINIST SANDINISTA GOVERNMENT THESE TRIPS WILL BEGIN TO TAKE PLACE AFTER HE HAS MOVED HIS TROOPS AND RESTORED HIS ARMY INTO A STRONG FIGHTING FORCE

SINGLAUB JOHN A SINGLAUB
SINGLAUB EDEN PASTORA END QUOTE

AMBASSADOR'S COMMENT IN SPITE OF WRITTEN AGREEMENT WE HAVE RESERVATIONS THAT PASTORA WILL COMPLY HOWEVER SINCE SINGLAUB IS ENVOY OF SENATOR HELMS AND WILL REPORT TO HELMS HIS OBSERVATIONS AND HIS OWN RESERVATIONS UPON RETURN TO WASHINGTON HELMS MAY RE-EVALUATE HIS POSITION REGARDING PASTORA SINGLAUB AND HIS COLLEAGUE BARBARA F STUDLEY ASSURED US AMBASSADOR THAT PASTORA AGREED THAT ALL SUPPLIES/EQUIPMENT/TRAINING WILL BE DELIVERED PROVIDED VIA LNO NOTHING WILL BE DELIVERED UNTIL PASTORA'S MEN ARE MOVED INSIDE NICARAGUA

SINGLAUB PARTY LEFT 27 MARCH FOR [REDACTED] AND WILL DEPART [REDACTED] 28 MARCH FOR [REDACTED] HERE HE PLANS TO REMAIN UNTIL 5 APRIL END BACK CHANNEL

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4 June 85

Witness "W" Exhibit #2

(C no prize)

DENIED IN

TOTAL

dtd: 4 JUN 85

- PROF NOTE -

C 3048

CIIN 1501

(5767)

Witness "W" Exhibit #3

(Two Pages)

DENIED IN
Total

dtd: 7 Aug 85

- Prof Note -

C 3061 - C 3062

C11N 1508

5768

13 Aug 85

Witness "W" Exhibit 4

()

DENIED IN

TOTAL

dtd: 13 Aug 85

C 1261 - C 1263

C11N 900

(5769)

UNCLASSIFIED

4/12/86 1200

4/20/87

F

C 5166

1030 hours April 12. Per UNO South Force, drop successfully completed in 15 minutes. Force requested to send full report/ inventory. When told, [redacted] almost cried in grateful appreciation. Our plans during next 2-3 weeks includes air drop [redacted] maritime deliveries NHAO supplies to same, NHAO air drop to UNO South, but w/certified air worthy aircraft, lethal drop to UNO South, [redacted] visit to UNO South Force with photogs, UNO newspapers, caps and shirts, and transfer of 80 UNO/FARN recruits [redacted] carrying all remaining cached lethal materiel to join UNO South Force. My objective is creation of 2,500 man force which can strike northwest and link-up with quiche to form solid southern force. Likewise, envisage formidable opposition on Atlantic Coast resupplied at or by sea. Realize this may be overly ambitious planning but with your help, believe we can pull it off.

New subject. AFP story appeared in morning paper [redacted] on U.S. attorney south Florida investigation arms, drugs traffic involving insurgents and U.S. sympathizers. Terrell, CMA named. Focus on Mar 1985 shipment ft. Lauderdale [redacted] via [redacted]

New subject. Ref Cruz split. Why not offer Cruz provisional presidency in secret agreement signed by principals?

Regards, DV. BT

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15 MAR 86

[REDACTED] CA F 6
approved 4/20/87

(G)

C 5167

4/15/88 1000

Delivered to [REDACTED] by 707 yesterday is a plane load of ordnance for your friends. Ammo aboard includes [REDACTED] rds of 7.62 x 39 and a like amt of 51. Also have [REDACTED] M-26 hand grenades, ancillary items for the C-4 plastic explosives -- blastic caps, det cord, etc., and [REDACTED] light machine guns w/ [REDACTED] rds of linked ammo and a [REDACTED] anti-personnel mines for use in ambushes. When and where do you want this stuff. We are prepared to deliver as soon as you call for it. Is there an UNO/FARN communicator being placed in [REDACTED] If so, please have this guy coordinate with Ralph so that we have things wired together. Also wish to note my guys are flying without any intel. Can we do something about getting them the radar profiles of Nic AAA radars, etc. BT [REDACTED]

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~~TOP SECRET~~

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(5771)

JUN 86

[REDACTED]

4/10/87

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C 5176

The pilots and repair people are talking about a week to ten days before they can use the C-123 again and that is only if we are able to find the necessary part very quickly. The dual navigation systems aboard the aircraft showed them to be within 1 to 1.5 MI of the DZ for over 40 minutes. They were never able to see zone lights and never had contact on the radio on either channel. The pilots never had the agreed upon proposed run-in heading, possible enemy locations or recommended pull out direction to avoid enemy fire. The pilots described the fire as intense AA MG fire, probably 12.7. We are committed to commencing drops to the FDN by C-7 tomorrow night but can delay for one night to do your drop if we can get the necessary info for the pilots. To facilitate, have asked Ralph to proceed immediately to your location. I do not think we ought to contemplate these operations without him being on scene. Too many things go wrong that they directly involve you and me in [REDACTED] for both of us. We still don't know what the medicine is for [REDACTED] mountain leprosy. I was asked to provide 1500 doses for inclusion in the drop and we don't even know what we are supposed to be providing. I know we can do better; we have got to if these brave people -- the fighters and the pilots are to survive the experience. Help. BT NORTH

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(5772)

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C 11 1090

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20 JUN 86

7/20/72 2 July 1972 EOI

C 5179

2000 Hours 30 June.

Status of main UNO south force deteriorated badly past 7 days. Radio msg

extremely bitter, accusing us of playing with lives. Force unable find 5

bundles. [redacted] search. Now do not believe bundles dropped. Force

take heavy casualties, numbered captured rising. Cite 2 Cubans among other.

3 Important comdrs retreat to Rio San Juan as expect cross today. Mtn

leprosy widespread, complicated by lack medicine, food, clothes, ammo.

Bottom line rupture fragile alliance ARDE with UNO. due inability resupply.

Force believes fault ours they vehemently reject our reasons. Even so

we making new effort, sending two qualified men by boat 1 July. One to Comdr

Gonzo, one to Comdr Ramon to set up secure DZ area and organize reception.

Expect Gonzo will be quickly organized. Request you come work with us.

Need July cassette. [redacted]

From Ralph: Planning to go to [redacted] on Monday to assess

situation and assist [redacted] on request & depending on our availability. Advise

on construction plans since I am supposed to give money to Ramon for regular

expenses. I do not think I will have enough to cover any extras. V

(5773)

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HSITS 017 /87

DEPOSITION OF GEORGE W. CAVE

Friday, April 17, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D. C.

Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

Partially Declassified/Released on Dec 17, 1987
under provisions of E.O. 12333
by D. Sirko, National Security Council

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4 DEPOSITION OF GEORGE W. CAVE5
6 Friday, April 17, 19877
8 U.S. House of Representatives,
9 Select Committee to Investigate Covert
10 Arms Transactions with Iran,
11 Washington, D. C.
1213 The Committee met, pursuant to call, at 10:04 a.m.,
14 in Room H-128, the Capitol, with W. Neil
15 Eggleston (Deputy Chief Counsel of House Select Committee)
16 presiding.17 Present: W. Neil Eggleston, Deputy Chief Counsel,
18 Richard L. Leon, Deputy Chief Minority Counsel and George
19 Van Cleve, Deputy Minority Counsel, on behalf of the House
20 Select Committee on Covert Arms Transactions with Iran;
21 Timothy Woodcock, Associate Counsel, on behalf of the
22 Senate Select Committee on Secret Military Assistance to
23 Iran and the Nicaraguan Opposition; David M. Pearline,
24 Legislative Liaison and E. Page Moffett, Assistant General
25 Counsel, on behalf of the Central Intelligence Agency.**UNCLASSIFIED**
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1 Whereupon, GEORGE W. CAVE, after having been
2 first duly sworn, was called as a witness and testified
3 as follows:

EXAMINATION

BY MR. EGGLESTON:

6 Q Thank you for appearing here today, Mr. Cave.
7 My name is Neil Eggleston, Deputy Chief Counsel of the
8 House Select Committee to Investigate Covert Arms
9 Transactions with Iran. Also present from the House
10 Committee is Richard Leon, Deputy Chief Minority Counsel;
11 from the Senate Committee -- which exact name I cannot
12 remember -- is Tim Woodcock.

13 We thank you for being here today. Let me tell you
14 during the course of the deposition I will ask you a
15 number of questions first about your own background, then
16 about some of your early involvement in the Iran Initiative
17 and then I would like to ask you questions taking
18 you through your participation in the various meetings,
19 phone calls and various events that were -- took place in
20 order to fulfill the Initiative.

21 Why don't you just start, if you would, by telling
22 us a little about your own background in the Central
23 Intelligence Agency, when you started, some of your overseas
24 assignments, when you left, up to the time that you, I
25 guess, resigned from the Agency or retired or whatever.

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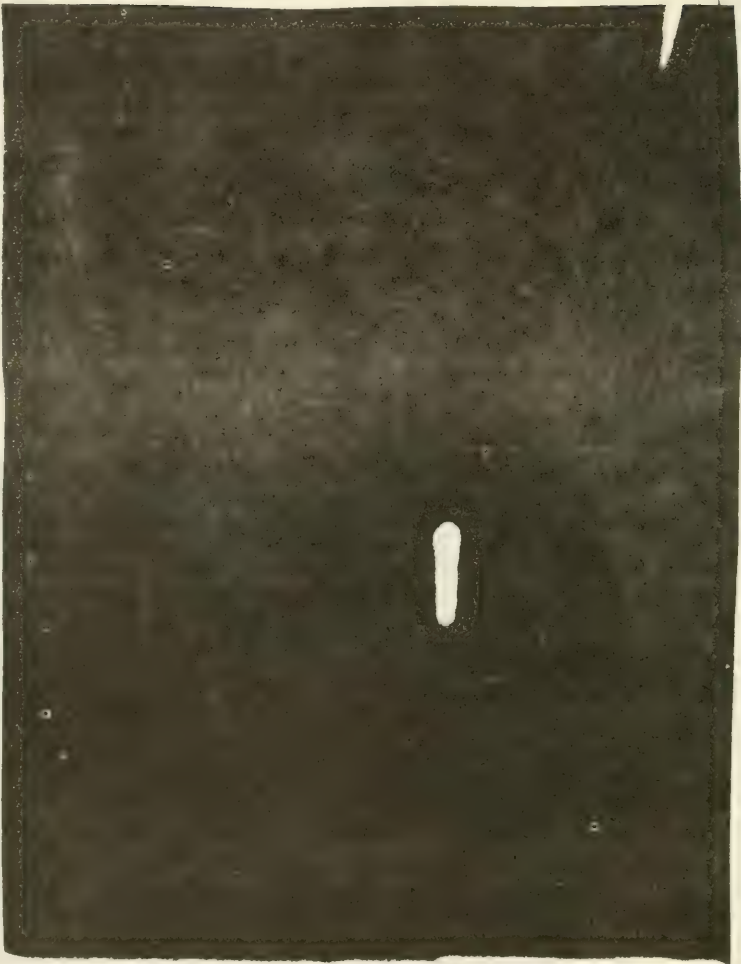
3

1 A I spent -- after getting out of the Hershey
2 Industrial School in 1947, I spent five years in the
3 military, all of which was either with the Army Security
4 Agency, and then assigned to the Armed Forces Security
5 Agency; and then when the National Security Agency was
6 formed, I was one of the first military detailees to it in
7 1951.

8 I got out in May of 1952 and went to college the
9 following fall. Graduated from college in '56 and joined
10 the Agency. Entered on duty I think October 1956.

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And then

decided to retire in February of 1980.

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5

1 I retired [REDACTED] and I have
2 been a consultant to the Agency ever since on Iran [REDACTED]
3 [REDACTED]

4 Q Let me ask you what foreign languages -- I think
5 I should probably ask it have you spoken or do you speak?

6 A Persian and Arabic, fluently, although the
7 Arabic is getting rusty. I haven't spoken it in ten years.
8 I was very fluent in both languages at one time. I am still
9 very fluent in Persian. I speak a little bit of French.
10 That is all. And some Urdu.

11 Q Some Urdu?

12 A Yes.

13 Q So I can complete the rest of your time period,
14 you retired from the Agency, at what time?

15 A February 29, 1980.

16 Q And what kinds of assignments have you had then
17 between February of 1980 and March of 1986?

18 A It is --

19 Q Generally.

20 A Almost 90 percent Iranian operations [REDACTED]
21 [REDACTED]

22 Q Let me ask you during the period of time that
23 you were -- had been associated with the Central Intelligence
24 Agency, have you come to know a man by the name of
25 Ghorbanifar?

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6

1 A Oh, yes. Yes.

2 Q And when did you first have dealings with
3 Mr. Ghorbanifar?

4 A Our first dealings with Ghorbanifar go back to
5 I think January of 1980. When he first came across our
6 sights.

7 Q Were you personally involved with him at that
8 time or was that the time the Agency first became
9 involved?

10 A I met with him in -- once in 1980. I think in
11 August 1980. I met with him one other time, I think, just
12 to get a better assessment of him. Because we had been
13 getting -- we had had a case officer in contact with him

14 [REDACTED] His

15 information was such that some of it appeared to be good, but
16 a lot of it just didn't check out.

17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]

23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 [REDACTED]
2 [REDACTED] And on my recommendation, we
3 terminated our operational relationship with him in I think
4 September of 1981 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]

9 Q During the period of time then from 1980 to
10 1981, at the time you terminated your operation with
11 him, was he providing terrorist type information?

12 A Yes. He was, oh, providing us information on
13 the organization of Iranian terrorism and attempts to
14 export the revolution. Also, some political information on
15 what was going on inside. The problem we found out was
16 a lot of it didn't check out.

17 Q And --

18 A And also making exorbitant demands.

19 Q Financial demands?

20 A Yes.

21 Q When you say the Agency terminated its operational
22 relationship with him, was that your decision?

23 A It was my recommendation. It was accepted.

24 Q Who is it in the Agency who would make a
25 decision, who actually would have made that decision?

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1 A Well, normally this would be [REDACTED] that is
2 concerned. It is [REDACTED] concern, [REDACTED]
3 would concur with the decision. Headquarters almost
4 always goes -- it goes back to the division responsible in
5 Headquarters. They would concur. Normally, if the field
6 determines that the guy is not worth running, and wants
7 to terminate him, no one objects.

8 Q I take it that there would be some reflection in
9 his file he had been terminated?

10 A That is correct.

11 Q I take it something must then happen such that the
12 Agency became involved with him again after that time?

13 A Yes. We became involved with him again in the
14 spring of 1984 when he reported on Iranian attempts to
15 infiltrate terrorist groups into the United States.

16 Q And did you have contact with him at that time?

17 A No. I didn't have contact with him at that time.
18 But I was aware of what was going on and was highly
19 suspicious of the information he was providing. So we
20 decided to give him a polygraph test.

21 Q This was in the spring of '84?

22 A Yes. I think we gave him a polygraph test in
23 June or July of 1984.

24 Q It is my understanding there were a total of
25 three polygraphs given to Ghorbanifar.

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1 A Yes.

2 Q Was this the second?

3 A No. This was the first. We did not polygraph
4 him during our previous arrangement [REDACTED]

5 [REDACTED]
6 [REDACTED] The first polygraph I think was in June
7 or July. He flunked it. Because some of the information
8 that he had, that he had given us indicated that the
9 Iranians were attempting to infiltrate a team to assassinate
10 senior U.S. officials, including the President, at the
11 request of the Secret Service we gave him another polygraph.
12 That was in August or September of 1984, I believe.
13 At which he also flunked.

14 Q As a result of those, the information that he
15 had provided, ~~that~~ turned out not to be truthful, I take
16 it --

17 A That is correct.

18 Q A fabricat^{ion} notice was issued after that?

19 A A fabrication notice was issued after that.

20 Q Let me show you for the record, there is a
21 number, I will use the CIIN number. As I talk about
22 these I will refer to them by the CIIN number.

23 This has been marked by the Agency as number
24 511. Is that the fabricator notice sent out on him?

25 A Yes.

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1 Q Are you responsible, were you responsible for
2 sending out the fabricator notice?

3 A No. You see, as a consultant, you have really
4 no authority to take executive decisions. These I think
5 are put out by a staff, [REDACTED] not
6 by the operating division.

7 Q Were you consulted about whether or not to send
8 a fabricator notice on him?

9 A I don't recall being consulted. I would
10 certainly not have objected to it.

11 Yes. Correct. We terminated our relationship
12 in September. [REDACTED]

13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 Q The fabricator notice makes reference to one of
18 his aliases as Mr. Kralis?

19 A Yes. He has a Greek passport.

20 Q I notice it also seems to indicate there was some
21 belief he was in touch with Israeli intelligence
22 services?

23 A Yes.

24 Q Do you know why that conclusion was made?

25 A One of the most interesting things about

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1 Ghorbanifar is up to the time of the Iran /initiative
2 he never told us about his Israeli connections. We
3 knew about him because he had been with Star Shipping.
4 He was the Iranian Director of Star Shipping which was a
5 joint Iranian-Israeli concern with heavy intelligence
6 overtones.

7 Q It was based on that association that the Agency
8 concluded that he had Israeli intelligence associations?

9 A Yes. He was also -- that is where he got the
10 nickname ~~Reddi~~.

11 Q Let me ask you to put a date on it. When is
12 the first time, in '85 or '86 that you learned that the
13 United States government has renewed its dealings with
14 Mr. Ghorbanifar?

15 A The first -- it is in early January. I was --

16 Q Early January of '86?

17 A '86. I was told that Ghorbanifar had provided
18 extensive information on terrorist -- Iranian terrorist
19 activities to Charles Allen. I looked at some of the
20 material and didn't believe it. It was similar to the kind
21 of things he told us before. A mixture of truth. When
22 Ghorbanifar does something like that, he is setting you
23 up or somebody up to make -- not necessarily you -- to
24 make a lot of money.

25 It was decided to give him a polygraph test on

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12

1 this and I and the polygraph operator and the counter-
2 intelligence analyst worked for two days coming up with the
3 questions for the polygraph. I think the polygraph was
4 given on the 17th of January.

5 Q I think it was given on the 11th.

6 A [REDACTED] The 11th. Maybe it was the report
7 on the polygraph that was filed later. In any case,
8 he really flunked it. We knew -- I knew what kind of
9 questions to ask. He really flunked that one. He showed
10 deception -- clear deception on 13 of the questions we
11 asked and the others, two were inconclusive. As I said
12 before, he got his name right.

13 Q During the fall of 1985, I take it you were still
14 working on Iranian matters?

15 A Yes, I was.

16 Q Was that generally related to the hostages?

17 A Not so much because the hostages -- the hostage
18 question was really being handled by the counterterrorist
19 people. Since it was in Lebanon -- [REDACTED]

20 [REDACTED]
21 Q But during -- between July and early --
22 between July of 1985 and early January of 1986, I take it
23 you were not consulted about Mr. Ghorbanifar?

24 A No. I was not consulted until early January
25 when we put together the polygraph test for him.

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1 Q Let me get to the polygraph test in a second.
2 I want to show you two documents and ask you whether or not
3 during the period of time that you were working on this,
4 whether either one of these came across your desk.
5 Here is CIIN #1034. That is a cable dated July '85.

6 A I don't recall seeing this.

7 Q Have you seen it -- ever seen it prior to just
8 this minute?

9 A No. I don't recall seeing it. But that is --
10 most of the time I would be overseas. I would just come in
11 to get a briefing. I did not spend much time in
12 Headquarters.

13 Q Let me just also show you for perhaps the same
14 purpose CIIN #1033, which is a document addressed to
15 Arnie and signed by, it appears, Peter. It is dated July
16 11 of 1985. Do you know who Arnie and Peter are?

17 A Arnie? The only Arnie I can think of that would
18 be there would be [REDACTED] I don't recall seeing this
19 document.

20 Q It is another document which refers to [REDACTED]
21 and Manucher, however you pronounce the first name.

22 A Manucher. I don't know who the Peter would refer
23 to.

24 Q Okay.

25 How did you come to be involved in -- who asked

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1 you to participate then in designing the questions for
2 the polygraph? How did that come about?

3 A I forget who was the -- it would be the Iranian
4 branch chief at the time. I was back here in Headquarters
5 area and I cannot recall who it was at the time. But
6 that is who it would have been.

7 Q You mean the person on the Iranian desk?

8 A Yes, head of the Iranian branch.

9 Q I will just say was the person you are thinking
10 about [REDACTED]

11 A Probably. Probably [REDACTED]

12 Q You knew [REDACTED] I take it?

13 A Yes. Very well.

14 Q But it was no one at a different level? It
15 wasn't [REDACTED] Clair George? You think the request
16 for assistance came from [REDACTED]

17 A Yes, I think it did. Based on his files, he said
18 you seem to know as much about this guy as anyone. Why
19 don't you help us out on the research on the polygraph
20 for him.

21 Q Let me ask you sort of the state of your knowledge
22 as of the time you were asked to help out on that. By
23 that time [REDACTED] on December 22 of 1985 had conducted
24 a fairly lengthy interview of Ghorbanifar at Ledeen's,
25 Michael Ledeen's home. Were you aware of that?

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1 A Yes, he told me about it after the fact.

2 Q He did a memorandum on that meeting. Had you
3 read the memorandum, or did you read the memorandum?

4 A Yes. I am pretty sure I did. I would have had
5 to.

6 Q To help design the questions?

7 A To design the polygraph.

8 Q I take it then by that time you were aware
9 Mr. Ghorbanifar had been involved in some fashion in
10 fall arms shipments and negotiations about release of
11 hostages?

12 A I'm not sure if I was. I think the specific
13 things that we were concerned about, as I recall -- yes.
14 That is true.

15 Q Because it was in [REDACTED] memo.

16 A Yes. I recall now. What we were -- as you
17 probably know from looking at the polygraph, we were
18 focusing on one part of it on his information on terrorism
19 and Iranian -- and also as that concerned the taking of the
20 hostages.

21 Q And was it -- what was it -- did you have an
22 understanding about the reason that you were being asked
23 to conduct this polygraph? Did you have any understanding
24 about what it was anticipated anyone would use Ghorbanifar
25 for?

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1 A It was crucial that we determine the accuracy
2 of the information he was passing.

3 Q Prior to the time that the polygraph was taken,
4 did you speak to [REDACTED] or Clair George or anyone
5 about your views about Ghorbanifar?

6 A No.

7 Q Were they solicited by anyone?

8 A I don't recall.

9 Q Did you make your views on Ghorbanifar known to
10 [REDACTED]

11 A Oh, yes. I think [REDACTED] shared my views. He
12 thought the guy was, after having met with him, was a
13 charlatan.

14 Q Did you understand that there was thought to
15 use him or to continue to use him on the hostage release
16 aspect?

17 A No. In fact, I was very alarmed by it when I
18 found out about it on the 5th of March.

19 Q You thought what you were doing is evaluating him
20 for further information about counterterrorism?

21 A Yes. And that once -- I assumed once the --
22 see, I got the flu. I was supposed to be at the polygraph
23 session and wasn't able to make it. And so after coming
24 back and hearing -- talking to the operator, I assumed
25 that all our relationships with Ghorbanifar were therefore

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17

1 terminated.

2 Q The polygraph examination itself was on January
3 11th, I think, of '86. Then -- you were sick on the
4 11th?

5 A Yes. I couldn't make it. I was really in bad
6 shape.

7 Q When did you first learn that he had failed all
8 the questions except his name?

9 A When I got back into Headquarters a couple days
10 later.

11 Q Who did you learn it from?

12 A I think it was [REDACTED] who told me.

13 Q Do you recall -- did you speak about Ghorbanifar
14 then with anyone other than [REDACTED] Did you have conversa-
15 tions with -- were there any meetings about it that you
16 recall?

17 A No. I don't remember speaking specifically about
18 it. I thought that that ended the matter.

19 Q There was a meeting which took place on the 12th
20 of January in Clair George's office. There was discussion
21 at that meeting about the polygraph result and what
22 to do and various things like that. Did you attend that
23 meeting?

24 A I don't recall attending it, no.

25 Q Within a few days after that, maybe the day after

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18

1 that meeting, Charles Allen actually meets with Ghorbanifar
2 again and has a long session with him. Did you know that
3 that was taking place?

4 A Not at the time, no.

5 Q You didn't learn that until after March 5th?

6 A That is right.

7 Q Let me just ask you -- raise it up to March 5th,
8 but ask you between mid-January of 1986 and March 5th of
9 1986, do you have any further dealings with Ghorbanifar,
10 conversations about Ghorbanifar, what to do with him, were
11 you consulted about him in any fashion?

12 A I don't recall because -- I am sure. The revela-
13 tion on Marvh 5 when I was first briefed was quite a
14 shock.

15 Q You now know there was a shipment of a thousand
16 TOWs in mid-February from the United States through various
17 whatever hands and routes to Iran. Were you aware of that
18 at the time it was taking place?

19 A No, I wasn't.

20 Q Let me direct your attention then to March 5 of
21 '86. Could you tell us how it was that you were brought
22 into this operation, where it took place, who was
23 present?

24 A [REDACTED] called me in and said that -- asked
25 me how I would like to meet Rafsanjani. I said well,

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19

1 what is the story? He gave me a briefing that the NSC
2 has been involved with the Israelis in an operation which
3 we -- which has several goals; one of them is for us
4 to reestablish a strategic dialogue with the Iranians
5 leading to the normalization of relations and also hope-
6 fully get the hostages released. That was sort of the
7 ~~sumation~~ ^{summary} of the briefing.

8 Q Who else was present at the briefing?

9 A I was introduced as I recall to Charlie Allen
10 later that day. There was a discussion with [REDACTED]
11 Charlie, and I. I think also I met Ollie North -- came
12 over in the afternoon, that ~~afternoon~~.

13 Q You think you met Ollie North then on March 5th?

14 A Yes. On March 5th.

15 Q Is that the first time you ever met North?

16 A Yes.

17 Q I get the impression that was the first time
18 you met Charles Allen?

19 A I heard about Charlie. I knew who he was. I
20 never had anything to do with him personally or operationally.

21 Q How long did the -- what was [REDACTED]
22 title at the time that this meeting took place? Was he
23 Chief of the Near East Division?

24 A I can't remember whether he was chief or the
25 deputy chief.

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1 Q How long --

2 A Shortly thereafter he was chief I know.

3 Q How long did this conversation last?

4 A I cannot honestly remember.

5 Q What was your reaction when you were told about
6 this initiative? Did you say anything?

7 A Well, I thought the idea of initiative -- because
8 I had long believed and -- that we needed a dialogue with
9 the Iranians and also we had several indications from other
10 operations that were going on that the Iranians -- at
11 least it was an indication there was some interest on the
12 part of the Iranians. That part of it I felt was good.

13 The question of arms for hostages -- using the arms
14 for us to establish our bona fides and their getting the
15 hostages released to establish their bona fides was a policy
16 decision made elsewhere and didn't concern me. My real
17 worry was we were relying heavily on one, Ghorbanifar, who
18 to this day cannot be trusted and, secondly, the Israelis,
19 who had different goals in this.

20 Almost as I got briefed -- you know, most of the
21 initiative was still in the hands of the Israelis.

22 Q What did you understand or was your view
23 about the different goals the Israelis had as opposed to
24 the goals of the United States?

25 A Well, for the Israelis, I don't know if you are

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21

1 aware of it, but the Israelis under the Shah had an excellent
2 relationship with the Iranians [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]

13 Q So what -- as of this time period, the post-Shah
14 Iran, what were your views about how the Israeli interests
15 differ and how that should affect our judgment about how
16 to proceed?

17 A Well, the Israeli interest, of course, were as
18 long as Iran is fighting Iraq, you go back to the '73 war,
19 the fact that Iran [REDACTED]
20 and Israeli help was able to tie down a great portion of
21 the Iraqi army. That was a great help for Israel during the
22 '73 war. Iraq was not able to fulfill its military
23 obligations to the Arabs during that war.

24 The strategic situation, given the war with Iraq, was
25 such as that the Israelis were providing [REDACTED]

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1 [REDACTED] to the Iranians and would like to
2 have done a lot more. To them, an Iranian defeat of Iraq
3 is perfectly all right. The last thing they would like
4 to see is an Iraqi victory which would strengthen the Arab
5 hand. They also by this time had learned, I think, that
6 given the situation in Tehran, there was no way they could
7 get back to the same kind of relationship with Iran unless
8 the United States was able to do some brokering for them.

9 This is why -- I think this is why they pursued
10 this so aggressively, this initiative.

11 Q What kind of assistance did you understand
12 Israel to have given to Iran up to this time? Military
13 assistance?

14 A Yes. We had had reporting [REDACTED]
15 [REDACTED] that the Israelis had provided considerable
16 amount of assistance to the Iranians. [REDACTED]
17 [REDACTED] I
18 think the problem came, for Israel, probably in late 1984
19 when the Revolutionary Guard became the supreme military
20 power in Iran.

21 Q [REDACTED]

22 A [REDACTED]

23 Q [REDACTED]

24 A [REDACTED]

25 And to -- when you get to the Rev Guards, you

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1 get to the groups who find Israel an anathema.

2 Q At this meeting with [REDACTED] and others, what
3 were you told about the Israeli role in the initiative
4 up to that time, if you recall?

5 A I was told about the fact that the -- it wasn't
6 a full briefing. I was told we were involved with the
7 Israelis and that a special office in the Prime Minister's
8 office headed by their counterterrorist man, General Nir,
9 was the point man. And I didn't -- was not able to brief
10 myself on all the details until some time later.

11 Q Do you recall at that time were you told about
12 the prior arms shipments? First, about the February arms
13 shipment? Had you been told about that?

14 A I think I found that out the next day.

15 Q Let me get to that.

16 A [REDACTED] told me I want you to read up on several
17 things that have happened.

18 Q Were you told then, still directing your attention
19 to March 5, were you told about the fall of '85 shipments,
20 the HAWK shipment, and the TOWs from earlier in the fall?

21 A I don't think I was. I don't recall being told
22 at that time.

23 Q When you said that Oliver North came in at the end
24 or in the afternoon on the 5th, was that after this meeting
25 with [REDACTED] was over? A separate time?

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1 A Yes. It was separate. I think I met with [REDACTED] in
2 the morning. I can't remember when I met with Charlie. It
3 was about that time.

4 Q Okay.

5 A And then Ollie came over. He, [REDACTED] and I met in
6 the afternoon. I don't know whether Charlie attended that.
7 I can't recall.

8 Q What was your understanding about why you were
9 being brought into it?

10 A Well, several reasons. One is that they didn't
11 want to have to rely on Ghorbanifar as a translator, because
12 during the meetings when [REDACTED] went over, there were
13 quite a bit of indications that Ghorbanifar wasn't translating
14 accurately.

15 ~~Sam~~ thing happened incidentally when we were in
16 Tehran. So they decided they needed someone that spoke the
17 language fluently, that they could trust to translate
18 accurately; and second, they wanted someone that -- up to
19 this point no one had been involved in this operation that
20 understood anything about Iran or had ever set foot in
21 Iran. Those are the two reasons given to me.

22 Q So in the afternoon you met with, you think,
23 [REDACTED] and Oliver North, the afternoon of the 5th?

24 A That is correct.

25 Q Was that just a briefing as well?

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25

1 A Yes. It was a short one because Ollie was
2 involved in several other things. I saw him briefly the
3 next day. I can't remember whether it was in his office or
4 whether he came over to the building. We left that night.

5 Q You left the night of the 6th?

6 A That is when I think. Some people say we left
7 the 7th, but I swear we left the night of the 6th.

8 MR. LEON: Left for where?

9 THE WITNESS: For Paris. It was the day the TWA
10 strike started.

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1 BY MR. EGGLESTON:

2 Q This is the sixth or seventh, whichever. Colonel
3 North's calendar seems to indicate you left in the evening.
4 Seventh. Who knows? I take it you went over with Colonel
5 North?

6 A Yes.

7 Q Who all went over together? You, North?

8 A [REDACTED] Ollie North, and myself.

9 Q Who did you meet with when you got to Paris?

10 A We went to the airport immediately, to one of the
11 airport hotels. I don't know. [REDACTED] or the
12 [REDACTED] one of the two. Nir and Ghorbanifar were at the
13 hotel.

14 Q Did you meet them the next morning then?

15 A Yes. We got right off the plane and went right
16 to the hotel. After the meeting we went back to the airport
17 and flew back to the United States.

18 Q How long was the meeting?

19 A I guess we got to the hotel about 8:00 or 8:30.
20 It went on until about noon when we rushed out to --

21 Q You caught the afternoon flight back?

22 A Caught the afternoon flight back.

23 Q Throughout the meeting, it was just the five of you?

24 A That is correct.

25 Q If you could summarize as best you recall, what

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1 was discussed at that meeting?

2 A We met briefly with Nir first who told us that
3 Ghorbanifar had done a great job about lining up things
4 with the Iranians, and then he was called in. We talked to
5 him. Ghorbanifar said that he had a tentative agreement
6 for us--for a delegation to go to Tehran and meet with senior
7 officials. He said there is several things -- just in
8 general terms, they are interested in talking about the
9 Soviets [REDACTED]

10 He also spent an enormous amount of time telling
11 us how none of this could happen without his participation;
12 that he was the key man. I also recall separately asking
13 Nir if they had done [REDACTED] assessment of
14 Ghorbanifar to satisfy their faith in him. He asked me what
15 do you mean? I said, "Well, we have some doubt, and I
16 think if you haven't done it, you ought to."

17 I don't know if they ever followed up. They
18 considered him their agent. They made that known.

19 Q Let me--

20 A They told us about that.

21 Q Let me show you what is marked as CIIN Number 251.
22 Is this your report of the meeting on March -- is this a
23 document prepared by you?

24 A Yes. This was -- when I got home that night, I
25 thought that it was a good idea -- I just typed on the

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1 typewriter at home. I think I did this at home. Anyway,
2 some things that I recalled happened.

3 Q There is kind of a summary of the meeting that
4 took place?

5 A Yes.

6 Q At least part of what happened at this meeting
7 is there was a discussion about organizing the trip by
8 American officials to Tehran; is that correct?

9 A That is correct. Oh, and also it was at this
10 meeting that Ghorbanifar told us that -- what they were
11 desperately interested in is getting spares for their Hawks.
12 He came up with this long list of 240 line items.

13 Q So this was the meeting -- this was one of the
14 meetings at which the Hawk parts -- was it your understanding
15 this was the first time Ghorbanifar had come up with this
16 request for Hawk parts?

17 A First, I knew of.

18 Q Did he have a written list?

19 A He had a written list he had taken down over the
20 phone and made up himself.

21 Q Did he provide you guys with the list?

22 A Yes.

23 Q Do you know approximately how many items it was
24 at opposed to different kinds --

25 A There were 240 different items on the list. Some

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1 there were 10, 9. There is a figure somewhere about the
2 total number of items, but I don't have it.

3 Q Who did you understand he had gotten this list from?

4 A From [REDACTED]

5 Q I take it you had not met [REDACTED] by this time?

6 A Oh, no. No.

7 Q Could we get that back and give it to the witness?

8 Page 2, I think the last line of this document, why don't
9 I refer you to paragraph 12. If we could ask how this
10 conversation came up.

11 A Oh, yes. When he was talking about the deals [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]

16 I didn't know what he meant. I didn't question
17 him. No one else did, the specifics of what he had in mind.
18 He also, as an aside said, and also for Central America [REDACTED]
19 [REDACTED]

20 Q Well --

21 A Because it was Ghorbanifar, and it was money. I
22 made a note of it just in case.

23 Q Let me ask you. As of this time, were you aware
24 that one of Colonel North's other accounts, since that
25 phrase is used, at the NSC was Central America and the contras?

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1 A I don't think so. Because I met him briefly and we
2 were discussing this. It wasn't until, I think, after we
3 came back from this trip that I learned anything that was
4 meaningful. Someone might have said he is concerned
5 with terrorism or something else. They might have said
6 that in brief. I didn't get any detailed knowledge of his
7 other activities until after this trip. I am sure of that.

8 Q By this time, Charles Allen had interviewed,
9 I think, at least twice Mr. Ghorbanifar. In fact, Ghorbanifar
10 made some reference to Charles Allen about using profits
11 from some [REDACTED] deal to help out Ollie's buys in Central
12 America.

13 Were you aware of that as of this time?

14 A No.

15 Q Were you aware of that --

16 A I wasn't aware of it until now.

17 Q Right now you are not aware of it?

18 There is a question I forgot to ask you which is
19 in preparation for this meeting. You indicated you had done
20 some reading in order to get sort of up to speed, because
21 you obviously knew other things had happened. What was it
22 you read?

23 A I just looked at Ghorbanifar's 201 to make sure
24 of the dates. When you asked me, remember, in the interview,
25 I couldn't remember the dates of when we did what. I just--

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1 that is all I read. That is the only thing I read.

2 Q So you didn't read information about ~~N~~at had
3 happened previously in 1985 and 1986?

4 A Oh, no. No.

5 Q There was --

6 A In his file. I went through his file. But none
7 of that stuff was in the file.

8 Q Was there -- let me return then to the meeting
9 of March 7 or 8 which took place in Paris. Was there
10 any discussion at all during the course of that meeting
11 about financing of this deal? How much the weapons -- how much
12 the Hawk parts would cost?

13 A No. The only thing that -- what and I said
14 that we would find out the availability of the spares on
15 the list and some preliminary information on what it was
16 going to cost, because as I recall, it would take us a
17 long time to get the costing from the military.

18 Q Was there any discussion, if you recall, about the
19 method of financing, how it was Ghorbanifar was going to
20 come up with the money, what he was going to do?

21 A Oh, no. Not at that meeting. In fact, that was
22 entirely in his and Nir's hands.

23 Q That was entirely in his and Nir's hands?

24 A Yes.

25 Q This memorandum that I just showed you which has

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1 got the number 251 on it, what did you do with the memorandum
2 after you wrote it up? Who would you have distributed the
3 memorandum to?

4 A I suspect that the only people that ever saw it
5 were at that time, [REDACTED] and [REDACTED] and I am
6 sure I sent a copy to Ollie.

7 Q Did you think you sent a copy to Charles Allen?

8 A I am sure Charlie. By that -- shortly thereafter,
9 I worked closely -- started working closely with Charlie
10 on [REDACTED] to
11 support the effort.

12 Q Where were you -- where was your office or where
13 were you working out of at this time at the agency.

14 A I didn't really have an office.

15 Q That is why I was curious.

16 A I spent sometime going over [REDACTED] -- I spent
17 a lot of time in Charlie's office going over [REDACTED]
18 [REDACTED] everything, partly because he was usually
19 away and it was a quiet place, sometime on the Iranian branch,
20 sometime in the chief N.E. front office.

21 Q Let me ask you another question about this meeting.
22 During the course of the meeting, I want to get a sense of how
23 far the planning for this United States delegation to
24 Tehran went. Was there any discussion about who would go,
25 why it was necessary?

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1 A No.

2 Q Was it Ghorbanifar's idea? Was it our side's idea?

3 A My impression was that this had been in the mill
4 for some time.


5 Q There had been prior discussions?

6 A Prior discussions. Because Ghorbanifar says that
7 they have agreed in principle to the idea of a delegation
8 coming to Tehran.

9 Q Okay. As of this meeting, no, it is clear that
10 the meeting -- as of this meeting on March 7 or so, it is
11 clear that the meeting that would take place would be a
12 meeting in Tehran?

13 A No. Not necessarily. Because as you will
14 recall later, the original venue was to be Kish Island.

15 Q Right. After you returned from this meeting, did
16 you meet with anyone? Did you meet with McFarlane or --

17 A It was much later on I met with -- I only met
18 with McFarlane once before we went to Tehran. 
19 and I went down to brief him.

20 Q That was substantially later than this?

21 A Oh, yes.

22 Q I don't want to ask you until we get to it in the
23 chronology, but would that have been after the April meeting
24 with Ghorbanifar in D.C.?

25 A Oh, yes.

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1 Q Well, after?

2 A Yes.

3 Q When you came back then, did you brief anybody
4 about the trip?

5 A I am sure it was after the -- yes. See, there was --
6 yes. It was.

7 In April, there was the possibility that Ollie
8 and I would fly in with Ghorbanifar.

9 Q Right.

10 A That fell through.

11 Q Okay. Did you come back and brief Clair, George
12 or the director or anyone after returning from the trip to
13 Paris in March?

14 A I can't honestly recall when the first time I
15 met with the director on this operation was. I am not sure
16 that I did meet with him right after this trip.

17 Q You met with him before the trip to Tehran,
18 I take it?

19 A Oh, yes. Several times before we went to Tehran.

20 Q Do you know whether you met with him by the
21 time Ghorbanifar came to the United States?

22 A Yes. I think I met with him by then. I can't
23 remember precisely when it was. I don't keep diaries or
24 anything.

25 Q Who is generally at the agency who is sort of the

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1 supervisor of this operation? Is it [REDACTED] Is it--
2 at what level is this being generally supervised? Who is
3 the one who is primarily in charge?

4 A [REDACTED] I would say, is the best one to focus
5 on.

6 Q Let me ask you, then, between this meeting on
7 March 7 of 1986 and the meeting that took place in early
8 April of 1986, what activity did you have with regard to
9 this? Do you recall?

10 A I think -- I had very little to do with it
11 except to work to monitor the intelligence.

12 [REDACTED]
13 [REDACTED]
14 [REDACTED]

15 Q Were you reading the intelligence that was coming
16 in by this time?

17 A Yes, I was.

18 Q Had you gone back and read the previous intelligence

19 [REDACTED]
20 A \ Yes. I reviewed most of [REDACTED]

21 I don't think I went all the way back. It didn't concern me.

22 Q Did you have any -- this is now. I am sort of
23 focusing on March up until early April of 1986. Did you
24 have any telephone conversations with Ghorbanifar? Did
25 he ever call you during this period of time?

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1 A I don't think so. Most of the times, you know,
2 when he called I gathered he either -- his usual contact
3 was Charlie Allen.

4 Q You don't recall him calling you?

5 A No. He didn't have my home phone number.

6 Q Did he call -- you didn't have any contact, I take it
7 with [REDACTED] either during this time?

8 A No. The first time I talked to [REDACTED] was
9 when we were in London in May.

10 Q During this time period, was there any effort to
11 figure out a way to get Ghorbanifar out of the operation?

12 A No. He was considered essential. Let me go into --
13 there are a couple of -- there was quite a bit of argumentation
14 about this. The Israelis, particularly in the person of
15 Nir, insisted on Ghorbanifar, for one thing. I was at
16 the other end of it, insisting that he couldn't be trusted.
17 There were other people that felt that you had to keep him in
18 because since he -- because he would probably blow the whole
19 thing.

20 He was investing a lot of money in this operation,
21 so that he had to be kept in it. I was more concerned that,
22 knowing Ghorbanifar, that Ghorbanifar works for Ghorbanifar,
23 period, which is basically what we found out when we got to
24 Tehran.

25 The interesting thing to me was that the Israelis

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1 were still insistent on it. He had to be used after the
2 fiasco in Tehran.

3 Q What was the understanding of the reason the
4 Israelis by this time are involved in this entire initiative
5 in such a direct fashion; they are no longer -- by this time
6 they are no longer directly providing any of the material.
7 What was their role once you get involved?

8 A They were -- well, Nir kept a very tight rein on
9 Ghorbanifar and the Israeli position was that they wanted
10 to get as much out of this operation as possible also. There
11 was quite a debate. You know, I made the point I thought it
12 would be a terrible error for Nir to go to Tehran and it
13 was decided that because of the way the Israeli pressure on
14 this issue, that the only way that you could get him out was
15 for the President to call Perez and ask him to say that he
16 just can't go.

17 I think it was finally left up to McFarlane. He
18 said, "Well, he has worked so hard on it, let him go."

19 Q Let me just ask you as of March of 1986, were
20 you aware General Secord had been involved and was involved
21 in this operation?

22 A No, not at that time.

23 Q How about Albert Hakim?

24 A No.

25 Q Did you know Hakim had attended previous meetings

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1 or Secord had attended previous meetings?

2 A Yes. Excuse me. I knew Hakim after I got -- was
3 present in the February meetings in Europe.

4 Q Did you know Secord -- but, so you were aware
5 Hakim had some prior involvement in the operation?

6 A Yes.

7 Q How about Secord?

8 A It wasn't until sometime later I became aware
9 Secord-- Dick was involved.

10 Q Before or after -- at least by the time of the
11 Tehran trip you knew, because he shows up in Tel Aviv?

12 A Yes.

13 Q Okay.

14 A The first time I saw Dick was when we met in
15 Tel Aviv.

16 Q You knew Secord?

17 A We were [REDACTED] but our path^S didn't
18 cross. We knew of each other, but had no business dealings
19 with each other [REDACTED]

20 Q Did you have any understanding about what Hakim was
21 doing, why he was involved in the February meetings?

22 A No not at that time.

23 Q Did you know Hakim before this time?

24 A I knew of him.

25 Q What did you know of him?

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1 A That he was an extremely successful Iranian
2 businessman, several cuts above Ghorbanifar. For an
3 Iranian to have gotten the contracts and been able to put
4 together the firm that he did in Tehran was quite an
5 accomplishment.

6 Q But your knowledge of him was basically he was an
7 Iranian businessman?

8 A Yes.

9 Q You didn't know why it was that he became involved
10 in this operation?

11 A No, not at that time.

12 Q Let me direct your attention to the meeting
13 April 3 and 4 of 1986 that took place here. How did
14 that meeting get set up and what was its purpose?

15 A Ghorbanifar, as I recall, called Charlie saying
16 he was coming over on the third and had -- and also by this
17 time we had information on the availability of the Hawk
18 spares and also some preliminary pricing data.

19 Q Okay.

20 A So he came over on the third. We met him at the
21 airport.

22 Q Who met him at the airport?

23 A Charlie Allen and I.

24 Q Where did you go?

25 A We put him at that Renaissance Hotel in Herndon,
the Ramada Renaissance Hotel.

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1 Q Okay. Did you meet with him that night?

2 A Yes. I met with him -- we met with him in the
3 afternoon. [REDACTED] was there and then Ollie showed up later.
4 We also had dinner at the hotel. It was [REDACTED] Ollie, and
5 myself and Ghorbanifar.

6 Q Charlie Allen, too.

7 A I think Charlie had to go somewhere, as I recall.

8 Q So when -- sort of a substantive meeting took
9 place, Charlie Allen was not present?

10 A As far as I recall, ~~it~~ wasn't.

11 Q How long did that meeting last?

12 A We had -- Charlie and I met him -- he was delayed
13 in the airport because he was carrying \$50,000 and he had to
14 fill out all the forms and everything.

15 MR. LEON: What time did he arrive?

16 THE WITNESS: He arrived on -- it was a morning
17 flight from London, as I recall.

18 BY MR. EGGLESTON:

19 Q Did he have \$50,000 in cash?

20 A Yes.

21 Q Was it United States currency?

22 A Yes. We took him to the hotel and had lunch with
23 him, then went back [REDACTED] and I met with him and Ollie joined
24 us later in the afternoon.

25 We gave him some data on what parts were available

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1 and what parts were no longer manufactured at that meeting.
2 At that meeting, he again spent a lot of time telling us
3 how he was essential to the operation and also gave us a
4 better -- a clearer idea of who we would be meeting when
5 we went to Tehran, and also that the venue -- proposed venue,
6 I think was Kish Island.

7 Q Do you recall who he told you he thought you
8 would be meeting during the Tehran trip?

9 A The problem with this is that some of the names
10 came up, didn't come up until we got to London in May. I
11 can't say precisely who he -- I can't recall precisely
12 who he said at this meeting we would meet. I am sure it was
13 Rafsanjani, and Prime Minister Musavi.

14 Q Let me show you what was Number CIIN 513 on it.
15 Is this one of your reports, too? Is this the report of the
16 meeting?

17 A Yes. This is mine. Oh, yes. They couldn't meet
18 us in Kish. I know Kish was discussed at this meeting. Yes.
19 This is mine.

20 Q It is a report of that meeting, I take it?

21 A That is correct. I haven't seen this in sometime.

22 Q Was there any discussion at this meeting about a
23 pre-meeting involving lower level officials?

24 A I think this is the -- is where we discussed the
25 possibility of Ollie, I and he flying in.

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1 Q Okay. Was that agreed upon?

2 A Well, we agreed to look into it. We came pretty
3 close to going eventually, but it was finally -- I gather, as
4 far as I know -- scotched by the White House.

5 Q Why don't I, since I am on that subject, jump
6 ahead. What is it -- maybe just to place this in time, there
7 is another meeting that you, I think, attend in early May.

8 A Yes. That was the final meeting before we went.

9 Q All right. Do you have any understanding about
10 why the pre-meeting or a set up meeting was cancelled,
11 not allowed to take place?

12 A I don't -- this was done at the White House or,
13 the NSC, the decision not to go. I was prepared to go.
14 But who said in the final analysis, no, I can't tell you.

15 Q Did you think you ought to have a pre-meeting?

16 A I thought it wasn't a bad idea. Because having --
17 with all my Iranian experience and my mistrust of Ghorbanifar,
18 I thought there was an awful lot of risk in us going in.

19 Q Personal risk?

20 A Yes.

21 Q Did you -- and I am getting out of my chronology--
22 think there was a personal risk in going in in late May with
23 McFarlane?

24 A I thought the personal risk would be based entirely
25 on what the radical faction would do if they found out that

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1 we were there, or if it became general knowledge that we were
2 there.

3 Q So that it didn't really matter who it was, the
4 problem was whether or not you would be discovered or not
5 discovered?

6 A That is correct.

7 Q I take it you thought if the radical faction found
8 out you were there, there was an excellent chance you would
9 be seized?

10 A There were members of the radical faction that
11 knew about it. The problem would be if it got to be
12 general knowledge that we were there, the radical faction
13 would have to react. I thought we would be in serious
14 trouble. Even then, I thought the Iranians would make
15 every effort to get us out.

16 Q According to the memo at least there is some discus-
17 sion at this time about the money, and when it is going to be
18 deposited and various things like that.

19 Can you tell us -- and if you want to look at
20 this again, I would be glad to show it to you. Do you mind?

21 Q Not at all. I think it might be helpful.

22 A Okay. Yes. There was a long discussion at
23 this meeting about the timing. In other words, how much
24 in advance we had to have the money deposited before we could
25 arrange everything. That is to the CIA account, because

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1 nothing -- from that date is when we had to start timing
2 things, when we can pay for the Hawk spares and the 508 TOWs
3 and get them positined and then, because our arrival in
4 Tehran would have to be based on the time we got everything
5 prepositioned.

6 Q Just a couple of questions. First, what was your
7 understanding about the reason for the 508 TOWs? Did you know
8 at the time the reason --

9 A By this time I did, yes.

10 Q What was your understanding?

11 A My understanding is that the Israelis had asked --
12 incidentally, there is an interesting aside on this. The
13 Israelis to this day swear they only sent 500 TOWs in
14 September. The Iranians counted 508.

15 Q Interesting dispute. You think it would be the
16 other way around.

17 A Yes. We did supply the Israelis with 508. They
18 asked if we would replace -- that was agreed to. So this
19 shipment included the Hawk spares and the 508 TOWs.

20 Q You indicated that the timing was important because
21 it was only as of the date that the money was received in
22 the CIA's account.

23 A Everything starts moving on the date that we get the
24 deposit made in the CIA account.

25 Q Did you have an understanding or was there anything

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1 discussed at this meeting about how the money would get
2 into the CIA account? What route it would take in order
3 to get to the CIA account?

4 A No. There was no discussion at this meeting.

5 Q Did you know or understand the money would go
6 through General Secord.

7 A No.

8 Q Did you have any knowledge about whether the money
9 would go through the Israelis?

10 A No. Not at this meeting.

11 Q Let me --

12 A In fact, as I recall, Ghorbanifar also took the
13 position that he was raising money through his bankers.

14 In fact, even in May, in London, he said his bankers forced
15 him to take out a life insurance policy, which I thought
16 was rather odd for bankers. In fact, while we were there,
17 he had to take a physical, he said.

18 Q While you were where?

19 A While we were in London, he had to take a physical.

20 Q For the life insurance policy?

21 A Yes. For the life insurance policy.

22 Q Let me just ask you a few other questions.

23 Paragraph 4 of this document refers to -- did you type this
24 at home as well?

25 A No. I typed that at the office.

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1 Q You typed this yourself, I assume?

2 A Yes. I don't spell well or type well.

3 Q Type well, particularly.

4 But that is okay. Although I am sort of joking, I
5 take it you didn't want things like this to be typed by
6 the secretaries? Or, was it just because you didn't have a
7 secretary?

8 A A, I didn't have a secretary. The second thing,
9 I thought this should be closely held. I would type this
10 up and make copies and give them to the people that should
11 have them.

12 Q There is a reference in here --

13 A In other words, that was not in the system.

14 Q I understand. I thought maybe one of the reasons
15 you typed it yourself was for a limited close hold purpose.

16 There is a reference in here to 3,000 Volkswagens
17 about 10 days later.

18 A Oh.

19 Q What does that refer to?

20 A TOWs.

21 Q It refers to TOWs?

22 A Yes.

23 Q "Ghorba pressed for new additions..." I am quoting
24 out of the document. "The new batteries," he said, "were
25 no longer in inventory." What do the batteries refer to?

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1 A These were batteries, I think, used in the
2 mobile radars.

3 Q That actually means batteries?

4 A Yes.

5 Q I had not understood, I don't think, that TOWs
6 were part of this negotiation in April of 1986. Do you recall
7 what was said about TOWs.

8 A Well, part of it -- whenever we got all of the --
9 all of the hostages released -- that is at this point in
10 the negotiations -- we would provide them with 3,000 TOWs.

11 Q I guess earlier we had promised them a total of
12 4,000 and delivered a thousand by this time, the February
13 shipment. Did you have any knowledge of that?

14 A One thousand, five hundred, eight, if you count
15 the Israelis. The September.

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[REDACTED]

But I am pretty sure at this meeting he mentioned nothing about --

Q Central America?

A -- Central America.

Q You saw the et cetera at the end of that. I thought maybe it was a reference to Central America.

A No. I am pretty sure I would have made a note of it.

Q Let me ask you about paragraph 9 of the same document. It says, "It is still apparent that they have not given much thought to how a continuing relationship will be maintained."

What were you trying to convey? What was it that you derived from the conversation?

A Based on what Ghorbanifar was telling us, what bothered us about this, what bothered me particularly is there didn't seem to be much, at least as reported on the Iranian side, at least as reported by Ghorbanifar, about how a continuing relationship was going to evolve from all of this. I was at that point in history very much concerned

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1 about that.

2 Q Did you conclude from that that the Iranians didn't
3 care that much about a continuing relationship or just
4 that they hadn't thought that much about it?

5 A No. The only thing I can conclude is from what
6 Ghorbanifar told us, that they hadn't really given serious
7 thought about the mechanics of how this would be maintained.

8 Q Let me just ask you a couple of questions about
9 the mechanics of this meeting.

end #1a
#2 fls

10 (CONTINUED ON NEXT PAGE.)

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1 (Discussion off the record.)

2 BY MR. EGGLESTON:

3 Q I was asking you about the mechanics of the
4 trip. You and Charles Allen picked him up at the airport,
5 have lunch with him, meet with him in the afternoon.

6 At what point does Oliver North show up?

7 A Late in the afternoon.

8 Q Are these meetings taking place at the hotel
9 you indicated?

10 A Yes.

11 Q Did any of these meetings ever take place at
12 the Old Executive Office Building?

13 A No, not that I knew of.

14 Q Did you -- how long then into the evening or
15 night of April 3 did the meetings take place?

16 A Pretty late. We had a late -- Ollie got there
17 late, early -- late afternoon, early evening.

18 Q Around dinnertime?

19 A I guess maybe around 5:30, 6:00. Maybe even
20 later than that. We talked for a while, then went down
21 and had dinner and I guess broke up about 11:00, something
22 like that.

23 Q Did you and Ollie leave together?

24 A No.

25 Q Did you leave first or did he leave first or

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1 do you have any recollection of who left first?

2 A I don't recall. I think we all left approximately
3 the same time.

4 Q What I am wondering is whether Ollie would
5 have continued to meet with him after you left or whether
6 you would know if he had?

7 A I don't know. I don't recall him -- I thought
8 we all left at roughly the same time.

9 Q Do you see Ghorbanifar then on the 4th?

10 A Yes. I went out briefly, just to talk to him.

11 Q Alone?

12 A I can't remember whether I dropped him off at
13 the airport or not. Yes, I was alone. It was nothing of
14 any great significance.

15 Q Ghorbanifar was alone for this meeting, right?

16 A That's correct. He was on his way out to see
17 his girl friend.

18 Q Out in California?

19 A Yes.

20 Q Was -- the last question about this meeting:
21 Was there any discussion at this meeting about the
22 mechanics of the delivery of the parts as opposed to the
23 timing of the release of the hostages?

24 A In what sense?

25 Q Was there any discussion about we have to have --

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1 the Iranians saying we have to have all the parts before
2 we release any hostages?

3 A I think there was something about we wanted the
4 hostages before the parts arrived.

5 Q Was that left in any fashion? Was that agreed
6 upon with Ghorbanifar?

7 A I think you have to say Ghorbanifar took this
8 under advisement. I wouldn't have paid any attention to
9 whatever the hell he agreed to anyway.

10 Q Let me show you one other document and just
11 ask you if you can date this one for me. This is CIIN-165.

12 A Oh, yes. This is one that I did in April after
13 the Ghorbanifar meeting, just to put some -- some things
14 of my own concern.

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1 [REDACTED]
2 [REDACTED]
3 You know, knowing Ghorbanifar, you have to --
4 see, there was a lot of dumb things done. Both Nir and
5 Ollie North told Ghorbanifar [REDACTED]
6 [REDACTED]

7 He is no dummy. [REDACTED]

8 [REDACTED] So I was very much concerned
9 [REDACTED] you have this
10 change.

11 Q I get you.

12 A [REDACTED] all we can do is ask
13 him and use a little bit of influence, we don't control
14 them. Then all at once, there is no problem in getting
15 hostages released.

16 In fact, that came to be one of the reasons
17 that the trip was okay, [REDACTED]
18 [REDACTED] the Iranians can arrange for the release of
19 the hostages.

20 Q Did you articulate to anybody your concern [REDACTED]
21 [REDACTED] were a set-up for you
22 guys?

23 [REDACTED]
24 [REDACTED] You are talking
25 hindsight now. Well, this is a good indication that they

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1 are going to be released, that we can get them released.

2 [REDACTED]

3 Q Did you have an understanding as of this meeting
4 or approximately this time about how much money -- putting
5 aside how it was going to be financed, and all that stuff,
6 how much money the Iranians were going to be charged for
7 the spare parts?

8 A No indication whatsoever.

9 Q That was something, I take it, though, that you
10 could have just asked North how much it was going to be?

11 A I never asked him. In fact, the only thing we
12 ever discussed with North is what it was going to cost
13 him. In other words, what it was going to cost us to
14 release the -- to ship the parts.

15 Q And I take it by that you mean how much -- what
16 is the cost price, what is the price the CIA --

17 A The cost, what transportation we had to provide,
18 packaging, stuff like that.

19 Q You never discussed with Colonel North how much
20 the price he was going to charge Ghorbanifar or how much
21 he was going to charge the Iranians?

22 A No.

23 Q Was it your understanding he was setting the
24 price?

25 A Yes. Because we gave it to him. He was the one

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1 that conveyed the price to whoever he conveyed it to.

2 Probably Nir, I would assume.

3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 Q Do you recall there was [REDACTED]
12 that indicated that the price was around \$22 million? -

13 A Yes, but that didn't come until the 7th of
14 May.

15 Q Okay.

16 A That was the first alarm that I had.

17 Q Okay. All right. You are right. I am looking
18 at the wrong note. That was around the 7th of May. That
19 was after the next meeting?

20 A I didn't see that until I got back from --

21 [REDACTED] I didn't
22 see that until I got back from the London meetings in
23 May. The London meetings were the 7th through 10th,
24 8 through 10 May.

25 Q Let me -- before we get up to the meeting which

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1 I think took place around May 6th?

2 A Something like that. It was the end of the first
3 week in May.

4 Q Let me just sort of fill in the rest of April.
5 What did you do? What occurred with regard to this during
6 April of 1986? No additional meetings I take it took place
7 during that time?

8 A No. But we had had the final -- in other words,
9 this shipment was going to be picked up at [REDACTED]

10 [REDACTED] It would include the total price was going to be
11 over \$6 million. It would include not only the Hawk spares
12 that were available, that we could get, but also the 508
13 TOWs which would be dropped off in Israel. That was the --
14 there is a lot of confusion in the record over this. I
15 recall when you were over interviewing me, one of the
16 gentlemen from the Senate kept talking about \$4 million.
17 That's an incorrect figure because the figure was over
18 \$6 million that we passed on to Colonel North.

19 Q Around \$4 million was the price just for the
20 Hawk parts?

21 A For the Hawks. There is a real lot of confusion
22 on who the hell paid for the Hawks.

23 Q Do you know who paid for the Hawks?

24 A I haven't the slightest idea. What complicates
25 the confusion is if you go up to our meeting with

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1 Furmark on the 22nd of October, when he's talking about,
2 he says the price was \$15 million. Did that include the
3 Hawks? Because at the same time he also says, we are
4 talking -- if you recall, it was \$15 million is what
5 Ghorbanifar and Khashoggi raised to pay for the shipment.
6 They added \$3 million on to that to pay for their expenses
7 and profits and another 2 million bucks for Nir. What
8 that \$2 million was for, God only knows. They owed Nir.
9 So they owed Nir.

10 The price to Colonel North was over 6 million.
11 It was about 6.3 million.

12 Q Because it included more than just the spare
13 parts?

14 A Yes.

15 Q Did you know that that was how much money
16 Colonel North was being charged? When I say Colonel North,
17 I mean how much money the CIA had to receive before it
18 would --

19 A Yes. I knew the exact figure the CIA had to
20 receive. Yes.

21 Q That became clear then during the course of
22 April?

23 A Yes. By the --

24 Q By the London meeting that was clear?

25 A Yes. A couple of weeks before that.

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1 Q Was availability pretty much established by that
2 time, too?

3 A Actually more parts became available after the
4 3 April meeting, because they are being continually
5 manufactured.

6 Q Now --

7 A The military agreed to give up more.

8 Q Let me just get this McFarlane meeting in
9 here. I have now forgotten when you told me. Has that
10 taken place by the time of the London meeting or does that
11 take place after the London meeting?

12 A I think it took place before the London meeting.

13 Q Assuming that is right, why don't you tell me
14 what you remember about the meeting with McFarlane?

15 A The meeting with McFarlane was basically --
16 we didn't talk much about the nuts and bolts. It was
17 basically to give him our best estimate of what was going
18 on in Teheran and I gave him some idea of what I thought
19 the risk factor was as far as we were concerned.

20 We also took a very recent NIE, National
21 Intelligence Estimate, and we were -- there were a couple
22 of other things for him to read.

23 Q Where was it?

24 A At his office downtown.

25 Q At his office -- not in the White House?

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1 A No. He was out by then.

2 Q That's what I thought.

3 A Nineteenth and K. He had an office, a suite
4 of offices.

5 Q It was you, Colonel North?

6 A No. [REDACTED] myself, and McFarlane.

7 Q Not Colonel North?

8 A No.

9 Q Was there a reason Colonel North did not attend?

10 A I don't know. He might not have been in the
11 country at that time.

12 Q How was it that you happened to have the
13 meeting?

14 A During one of our many meetings with Colonel
15 North, he proposed that we give McFarlane a brief on the
16 current situation in Teheran, bring him up to date. And
17 we called and made an appointment.

18 Q Had it been decided by the time of this meeting
19 that Mr. McFarlane might be one of the people who attend
20 the Teheran meeting?

21 A Yes. By that time it had been decided he would
22 head the delegation.

23 Q It had been decided?

24 A Yes. It was going to be a three-man delegation.

25 Q Who was that to be?

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1 A McFarlane, North, and myself.

2 Q There comes a time when Howard Teicher is
3 added to the list?

4 A McFarlane added him?

5 Q McFarlane added him?

6 A Yes.

7 Q Do you recall when that was?

8 A It was shortly before we went, because when --
9 after -- immediately after we returned from London, it
10 was just going to be the three of us.

11 Q Let me ask you about the London meeting then
12 which records seem to indicate took place around May 6th.

13 A That's correct. Sixth and 7th.

14 Q Who attended the meeting?

15 A It was myself, Colonel North, Nir, and
16 Ghorbanifar.

17 Q Was -- okay. And was -- and how long were the
18 meetings? Did they take place on both days?

19 A I think we only had really one significant
20 meeting and that was on the 7th. Because that was the
21 day that Ghorbanifar told us that he had arranged for
22 the financing.

23 Q Where did the meeting take place? At the
24 Churchill?

25 A Yes. His suite in the Churchill.

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1 Q Tell me about it. I understand there was a long
2 discussion of financing and he raised the money. Tell me
3 what you recall about those discussions?

4 A Well, what became clear to me at that discussion
5 is that he had raised the money and was in the process of
6 transferring it to an account controlled by General Nir
7 and I don't think I knew the -- I got the exact figure.
8 As I recall, that didn't come out in the conversation.
9 and the other asides in the conversation indicated that
10 the deposit to our account, that is the CIA account,
11 would be made by General Secord -- from an account
12 controlled by General Secord.

13 Q And was there any discussion, if you recall,
14 about amounts of money? Obviously you knew the amount
15 of money that had to be deposited into your account.

16 A No. I don't recall. The only thing that I
17 recall is Ghorbanifar's claims that he was going to pay
18 20 percent interest on the money raised from the banks,
19 by his bankers. I don't recall him ever, in my presence,
20 saying how much it was that he raised.

21 Q Let me ask it this way: By this time you are
22 a little over two weeks to the Tehran trip. You have
23 been now sort of at three of the crucial meetings that
24 had taken place. At least in your hearing no one has
25 ever told Ghorbanifar how much money he's got to come

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1 up with?

2 A I never found out how much or if North dealt
3 with Ghorbanifar.

4 Now, I would assume -- I don't want to assume --
5 I don't know who North, whether he told Ghorbanifar
6 directly or whether he told, gave the price to Nir.

7 Q Did you think that North might have been dealing
8 separately with Ghorbanifar over the telephone or times
9 when you were not present?

10 A He could have been.

11 Q You didn't have any idea?

12 A I would not know.

13 Q Was there any discussion of the 2 million to
14 Nir at that time?

15 A Oh, no.

16 Q During the course of this meeting?

17 A No.

18 Q When you said it was an account controlled
19 by Nir, was it your understanding that that was an
20 Israeli account or a Nir personal account?

21 A I didn't know. It was an account he controlled.

22 Q Okay.

23 A A Swiss account.

24 Q So I take it by this time you had a general
25 understanding that the money would go from Ghorbanifar to

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1 Nir to Secord to the CIA?

2 A Well, I don't know if it went from Nir to
3 Secord, if there was any intervening bus stops between the
4 two.

5 Q You knew it was going to go from Ghorbanifar
6 to Nir and from Secord to the CIA and you figured in some
7 fashion it was getting between Nir and Secord but you
8 didn't know what was going to happen in between?

9 A I have no positive information of how that
10 would take place.

11 Q Right. Let me just focus once again. By this
12 time, who was going on to the meeting on the American
13 side had become pretty fixed, I guess, although Teicher
14 was added later on. Who did you understand at that
15 meeting you would meet with when you arrived in Tehran?

16 A By this time, we had an excellent -- Ghorbanifar
17 told us we would meet with the Prime Minister, Musavi;
18 we would be meeting with Rafsanjani; he said -- and also
19 the President, Khomeini.

20 He also thought there was a possibility we
21 might meet with Ahmed Khomeini, the Imam's son, and
22 also with Ayatollah Farsi, who was one of the leaders
23 of the conservative faction.

24 Q Did you believe as of that meeting that you
25 would be actually meeting with those people or were you

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1 still skeptical? You personally?

2 A I had a fair amount of skepticism, because of
3 Ghorbanifar's track record with us. But I presumed the
4 Iranians -- by that time, we determined it was [REDACTED]
5 [REDACTED] would not have said this,
6 or would not have conveyed this unless -- although there
7 is nothing really [REDACTED]
8 [REDACTED] - that would say we would see some senior
9 people.

10 He didn't identify them [REDACTED] as
11 I recall. I thought it was worth the risk.

12 Q Again let me just ask you as of this meeting,
13 what did you understand the sequence of delivery of
14 yourselves, parts, as opposed to when the hostages were
15 going to come out?

16 A This is my first discussion with [REDACTED]
17 in London. I talked to him on the phone. We run into
18 our first major snag and [REDACTED] is insisting we bring
19 all of the Hawk spares with us. I told him we can't
20 do that.

21 And we haggled, typical, like you are buying a
22 rug. Finally, I said, Okay, we will bring a small portion,
23 what we can carry with us on the one plane, given the
24 fuel, which would be about one pallet. He agreed.

25 Q What was the understanding about what would

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1 happen when you and the one pallet would arrive, that they
2 would all be released?

3 A That they would make an effort to release all
4 the hostages. And while we were there, the rest of it
5 would arrive.

6 Q The remaining three pallets?

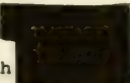
7 A Three pallets.


8 Q And -- okay. But at least there was an
9 understanding that at least the first pallet would arrive
10 along with the delegation before the release?

11 A We would be bringing a small amount of the
12 spares with us on the plane. That was clearly under-
13 stood.

14 Q It was not understood, then, or at least --
15 it was clear to you that you hadn't presumed to bring
16 half of them?

17 A Oh, no. No.

18 Q Did you talk -- and you spoke at that time
19 directly with 

20 A With 

21 Q Did you speak to him on more than one
22 occasion?

23 A After that, I think I did speak to him.

24 Q I really meant at that meeting?

25 A Oh. No. Only once. Only one conversation.

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1 Q Did you have any discussion with him in that
2 phone conversation about price?

3 A No. But -- but on that same day is when
4 Ghorbanifar gave him the initial price [REDACTED]
5 [REDACTED]

6 Q Tell me how that happened?

7 A He [REDACTED]
8 [REDACTED] gave
9 [REDACTED] the price of the Hawk spares. I think it was
10 something like \$20-1/2 million. [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]

16 Q Before we get to that, let me make sure I have
17 asked everything I wanted to ask about the meeting
18 itself.

19 Just one more question. Had the pre-meeting
20 been canned by this time? What was the status of whether
21 or not there should be a pre-meeting involved?

22 A Oh, that had been canned in April, by the end
23 of April.

24 Q So you would not agree -- this was essentially
25 the pre-meeting?

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1 A Yes. This was the pre-meeting for us all going
2 to Tehran.



17 Q The -- let me ask it this way: Although you
18 were not 100 percent positive, I take it, my recollection
19 [REDACTED] is the 240 and the 22 -- 20.2 million,
20 they look pretty linked [REDACTED]

21 A Yes. Also, there were two things. Are the
22 Iranians paying for the Israeli TOWs again? Because,
23 you know, that is -- if you take the total -- I think it
24 was \$6.3 million, 6.4 million for the TOWs and Hawks.
25 That figure, I think it was 21-1/2, wasn't it? Something

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1 like that?

2 Q I think --

3 A Twenty and a half.

4 Q That's three times six.

5 A Six point four, 6.5. That's about three times
6 the price we gave to Colonel North.

7 Q So at least [REDACTED] you
8 were concerned that there had been a fairly hefty
9 increase in the price, although you may not have been
10 100 percent certain it was because of these other deals?

11 A Yes.

12 Q Did you -- who did you talk to? What did you
13 do?

14 A I talked to [REDACTED] He and -- I think I
15 may have also brought it up with Ollie. I think Ollie
16 said he would check -- talk to Nir about it.

17 Q Let's take these one at a time. What did you
18 and [REDACTED] -- what was the discussion you and
19 [REDACTED] had about it?

20 A Well, it was the same thing I said to you,
21 that this seems like a rather large mark-up.

22 Q How did he respond?

23 A He agreed. And I think even -- Colonel North
24 was alarmed, too. We didn't want this thing falling
25 through because someone is making exorbitant profits.

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1 Q Do you recall how you talked to Colonel North
2 about it? Did you talk to him over a secure phone, at a
3 meeting?

4 A I don't recall whether it was at one of the
5 meetings we had or not. But we were very concerned. Then
6 that was fortified when we got to Tehran.

7 Q Then is it your understanding Colonel North
8 then contacted Nir?

9 A I can't -- I don't know, in fact, whether he
10 did or not.

11 Q But did Colonel North --

12 A We never got a real answer on what transpired
13 prior to the trip to Tehran, as far as I can recall.
14 Why the price was so high.

15 Q Were you --

16 A Oh, one other thing I might add. While we were
17 in London, as I recall Ghorbanifar said that he has
18 already spent just on this specific thing \$350,000 of
19 his own money and that he had already on this overture,
20 this operation engaged in, he had spent over a million
21 dollars of his own money.

22 Q Over the total overture?

23 A Yes.

24 Q Have you - [REDACTED]
25 [REDACTED] are you becoming -- are there any bells

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1 going off about where this overcharge might be going?

2 A Well, yes, because you know we had [REDACTED]
3 [REDACTED] the intelligence on the fact Ghorbanifar
4 had been arrested. Because of the dates we assumed - [REDACTED]
5 [REDACTED] that he and Khashoggi
6 had been trying to raise \$50 million. We said, That's
7 not for us. They could well have been involved in
8 financing the sting operation because they were close
9 associates of Cyrus Hashemi.

10 That was the first bell that rung. The other
11 thing is Ghorbanifar just trying to make a lot of money.

12 Q There were no bells going off that maybe
13 money was going to Central America, though, I take it?

14 A No.

15 Q By this time, did you know that Colonel North --
16 I asked you as of March.

17 A By this time I knew that you cannot be around
18 Colonel North very long without learning a lot about the
19 contras. He was very proud of the private effort to keep
20 the supply lines open to the contras.

21 Q This is probably as good a time as any to ask
22 you what he told you about that.

23 A Not so much in specifics, except that he was
24 proud of the fact he was able to keep a force of contras
25 in -- you know, that he had played a role in the effort

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1 of raising private money from private individuals to keep
2 the contras supplied for the two years that there was no
3 official funds available.

4 Q Did he ever talk about his -- about his
5 logistics support, about establishing resupply operations
6 to keep the munitions?

7 A Not any of the specifics. He never mentioned
8 an airfield here, or anything like that.

9 Now, the only way -- and I found out about
10 it -- I knew he was involved, for instance, when the
11 plane went down. I saw it on German television first
12 and called him. I said -- I don't know if this has
13 anything to do with you, but there's a plane that's been
14 shot down in Nicaragua.

15 Q What did he say?

16 A He said, yes, it was. Then he got -- then he --

17 Q You were in Frankfurt at that time?

18 A Yes. Frankfurt.

19 Q Did he -- was it clear to you that he was
20 involved in military resupply of the contras?

21 A I didn't know what kind of supply it was at
22 the time. Whatever knowledge -- I and my wife were --
23 see, my wife and I went on vacation, a misguided vacation
24 the end of September. We got to spend about three or
25 four days in Rome and got called in [REDACTED] and

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1 told to go to Germany. We have German grandchildren
2 anyway.

3 We were sitting in the room getting ready for
4 dinner when I saw on German television that a plane had
5 been shot down, a C-123. I called him and said, I don't
6 know if it has anything to do with you or not, but there's
7 a C-123 shot down over Nicaragua. He confirmed, yes, it
8 was.

9 Q He indicated it did have something to do with
10 him?

11 A He said he thought it was one that might have
12 been one that he was involved with. He wasn't sure at
13 that time actually.

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1 Q Did he ever mention Project Democracy to you?

2 Did he ever mention it by that name?

3 A Yes, he referred to Project Democracy.

4 Q What did he --

5 A The first -- the way it came up is the airplane
6 that took us in -- not took us in, but flew us from Dulles
7 to [REDACTED] -- was Democracy Airlines or something to do with
8 Project Democracy. That is the first time I ever heard
9 about it.

10 Q And is that what it said on it?

11 A No, it didn't say much of anything.

12 Q He told you it was one of his Project Democracy
13 airplanes?

14 A He said this is Democracy Airlines. He just
15 laughed. That was all.

16 Q Let me get back -- did you discuss with -- there is
17 one other person I didn't ask you about. Did you discuss
18 with Charley Allen [REDACTED] I take it you probably
19 did.

20 A Oh, yes. Charley and I used to discuss [REDACTED]

21 [REDACTED] at great length. [REDACTED]
22 [REDACTED]
23 [REDACTED]

24 Q Yes.

25 He similarly agreed it was likely that was the

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1 amount Ghorbanifar was charging for the 240, but you couldn't
2 really tell for sure?

3 A The problem you get into with Ghorba -- he was
4 involved with so many arms deals with them.

5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED] different deals, but even that seemed to us that the
9 amount he was asking did in some way -- did include --
10 we knew it did include the Hawk spares.

11 If that was all it was for. That was an awful lot
12 of money.

13 Q Did that cause you any operational security
14 concerns about your trip to Tehran? Did you have any concern
15 that that price was going to cause you a problem?

16 A My concern was the egregious overcharging, that it
17 could queer the whole deal with the Iranians.

18 Q And it might queer it with you sitting in Tehran?

19 A Yes. I wasn't that much worried about that.

20 Q You were not?

21 A No, because the Iranians realized they were dealing
22 with Ghorbanifar.

23 Q Meaning that they also knew that there could be
24 overcharges and it might not be that much surprising to
25 them?

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1 A Yes. I had a lot of private discussions with the
2 Iranian side in Tehran over there.

3 Q Let me get to the preparations for the trip to
4 Tehran.

5 Generally, what kind of logistical preparations were
6 there involved? You must have had to get passports, arrange
7 for the flights, clearances, all sorts of stuff.

8 A Actually, I didn't have to do much of anything.
9 We had people that took care of that. I took charge of the
10 passports. I carried all the [REDACTED] passports with me.

11 There were other things I had to do that I was
12 concerned about, and with Charley Allen [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 Q Did --

19 A Incidentally, that was one of the key reasons why
20 a decision was made to leave, is because [REDACTED]

21 [REDACTED] did not give any indication that there was any
22 motion on the hostages.

23 Q This is --

24 A While we were in Tehran.

25 Q Let me ask you, at this time, did you know

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1 General Secord was going to have a role in providing
2 airplanes and getting you from one point to the other?

3 A By the time we went to London, I knew that.

4 Q Could you describe just your flight path from the
5 time you leave Washington, what airlines is involved, until
6 the time you arrive in Tehran?

7 A I forget the exact date it was we left. We left
8 Dulles and we flew via Executive Jet, stopped at [REDACTED]
9 to refuel, and went on to [REDACTED]

10 Q Who is on that plane?

11 A McFarlane, myself, Howie Teicher, and the two CIA
12 communicators.

13 Then we get to [REDACTED] We rest on the ground
14 there because of the clearances they have and the time that
15 we have to arrive in Israel.

16 Then we take our proprietary from [REDACTED] to
17 Tel Aviv. On that flight are the two communicators, myself,
18 McFarlane, and Howie Teicher.

19 Q Okay.

20 A We arrive at the crack of dawn in Tel Aviv. We
21 are met by two -- by Colonel North and two Israelis from
22 Nir's office who get us through everything and into a hotel
23 room without having to check in, etc., etc.

24 We work during that day about setting up a commo
25 base in the hotel and resting. We have dinner in the

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1 evening and then take off for Tehran. The flight route
2 from Tehran, of course, is all the way down the Red Sea,
3 around Socotra, the Gulf of Oman, and make landfall at
4 Bandar Abbas. That is on an Israeli aircraft, an
5 Israeli 707. That was McFarlane, myself, Howie Teicher,
6 Colonel North, Nir, and one communicator.

7 Q And then you arrive where?

8 A At Mehrabad airport.

9 Q You arrive there on the morning of the 25th?

10 A I believe it was the morning of the 25th; that is
11 correct.

12 Q Did you -- just to cover this -- see General
13 Secord in Tel Aviv?

14 A Yes.

15 Q What was he doing in Tel Aviv?

16 A He was in -- he was at the hotel when we
17 arrived. He introduced us to the air crew he had arranged.
18 They left. We had a brief meeting on how things would work
19 out. He was sort of going to be our man in Tel Aviv while
20 we were in Tehran and would interface with our communicator
21 there.

22 Q Did you ask the reason they were using General
23 Secord as opposed to a CIA man or somebody affiliated with
24 the government?

25 A This was always considered to be a NSC operation.

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1 The only conclusion that I can arrive at is that Ollie North
2 relied very heavily on Dick Secord. They were very close
3 friends.

4 Q Did you have an understanding of what Secord's
5 job was or what he was doing for a living, whether he was
6 getting paid out of this, just what his role was? He was
7 retired by this time.

8 A Oh, yes. He was retired and I went under the
9 assumption he was doing some sort of -- he was a consultant
10 of some sort for the NSC for Ollie.

11 By the time we went to Tehran, I was pretty sure
12 that he was heavily involved in the private financing of the
13 effort to get support for the contras.

14 Q You were aware General Secord was?

15 A Yes.

16 Q What did you think that entailed as of that time?

17 A I had no idea what the details were and wasn't
18 concerned. We didn't really -- I didn't see very much
19 of --

20 Q Of Secord?

21 A -- of Secord.

22 Q Did you have an understanding he was involved in
23 sort of the mechanics down in Central America as well as the
24 private fundraising?

25 A Yes. I don't know what the details were.

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1 I assumed that he was involved in the -- had some role in the
2 raising of the funds and also in arranging for shipment.

3 Q Did --

4 A I couldn't give you any -- I have no idea of what
5 the details were.

6 Q Did he strike you as Ollie's commander in the field
7 down in Central America? Was that the relationship?

8 A No. I never got that idea. I know that he was
9 heavily involved in getting air crews.

10 Q For Central America?

11 A Yes.

12 Q By this time, had you heard of the account Lake
13 Resources?

14 A The what? No.

15 Q You had not?

16 A I never heard of Lake -- the account for Lake
17 Resources until after all this in the press.

18 Q Let me show you some CIIN 164 so we don't have to
19 pick your brain too much about the trip.

20 A This is my account of it.

21 Q Instead of asking you to review everything about
22 that trip, I take it this account is a fairly complete
23 recollection of what happened?

24 A Well, part -- when we were in Tehran, I did an
25 awful lot of translating. When you are translating, you

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1 don't really recall well, because you are concentrating on
2 translating. So, this is not really a complete account.
3 This is what I can recall of the discussions I was involved
4 in really when I wasn't concentrating on all the translating.

5 Some of the times Ghorbanifar -- you can't -- after
6 a couple of hours, you get groggy. Ghorbanifar would then
7 translate.

8 Q Let me ask it this way: is this about as much as
9 you recall today about those --

10 A More.

11 Q Probably more?

12 A Yes.

13 Q Okay.

14 Before I get into the questions about the trip,
15 had Hakim resurfaced by this time as someone who was
16 involved in this at all?

17 A Whatever involvement he had, I knew nothing at this
18 time other than the two phone calls.

19 Q The two --

20 A And the fact he had been used as a translator.

21 In fact, I thought ~~he~~ was pretty much out of it.

22 Q You did?

23 A Because one of the reasons they wanted a U.S.
24 citizen as translator --

25 Q One of the reasons for you getting involved was to

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1 get --

2 A To get the Iranians out of it.

3 Q Was there an attempt then -- were those phone
4 calls Hakim placed part of an attempt to remove Ghorbanifar
5 from the operation? Was that the purpose behind it?

6 A I think -- I don't know why the calls were made.
7 I was only given -- to translate them. You can surmise from
8 what transpires in them that it was an attempt to go -- that
9 is apart from the Ghorbanifar channel to try to convince --
10 through another channel to convince the Iranians that we were
11 sincere and would do what we said we would do by Ghorbanifar.

12 Q Let me ask one last question before I get into the
13 guts of it here.

14 Had the date that you all would be traveling to
15 Tehran -- how far in advance of the time you actually arrived
16 had that date been set up, if you recall?

17 When I say "set up" I mean set up with Ghorbanifar.

18 A This kept changing on a daily basis, because we
19 couldn't set the date until we got the deposit in the CIA
20 account.

21 I think that was on the 16th of May.

22 Q I think that is right.

23 A Then we were able -- we figured we needed about
24 a week. Then we were able to set the precise date that we
25 would arrive.

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1 Q Is it your recollection that Ghorbanifar then was
2 contacted shortly after the 16th to say we would be there
3 around the 25th or whenever?

4 A Yes, because he determined his departure on ours.
5 He was in Tehran when we arrived.

6 Q It was not your impression, though, that you had
7 only recently told him of when you were going to be arrived
8 in Tehran? It was not a hurry-up trip?

9 A Oh, no. We had told him. He was well aware that
10 until we got the money in our account, we could not give any
11 precise dates, but that as soon as we got it in our
12 account, we could.

13 Someone called him. I don't know whether it was
14 Charley -- to tell him, "Okay, we will be coming."

15 Q It was also clear to him it would take about a
16 week to ten days after the money was deposited?

17 A We said seven or eight working days, because it
18 would take us that much to get the ship to get the material
19 in place in Israel.

20 Q Do I take it that you got about -- that on the
21 plane that arrived, you said you took one of four pallets.
22 You ~~told~~^{took} about 25 percent of the parts with you on the
23 plane?

24 A It was actually less than that. We took the small
25 pallet.

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1 Q Let me just ask you some specific questions about
2 the meetings, because for the rest of it we can pretty much
3 rely on that for your recollection.

4 When you first arrived -- and as I understand from
5 reading that, there is some delay before anyone actually comes
6 out to meet you, which must have surprised everyone -- at
7 what point do you realize the hostages are not about to be
8 released, despite the fact that the delegation and the parts
9 have arrived?

10 A Our initial meeting that afternoon -- because the
11 Iranians tell us about the enormous problems they are having --
12 and they go through a long list of conditions that the
13 captors have placed on the release of the hostages, and it
14 it also pretty clear to me at this point the Iranians
15 don't have control of the hostages and are going to have
16 considerable difficulty getting control of them.

17 Some things were pretty bleak. The Iranians were
18 kind of hostile. In fact, the guy that they brought who was
19 sort of their spokesman, whom we never have identified to
20 this day, was really pretty negative.

21 So, the American delegation was -- we were pretty
22 bleak after the first days, the first afternoon's meeting.
23 But things warmed up after that.

24 What came out of all the discussions was that the
25 Iranians were pretty sure that they could get two hostages

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1 released, using their influences, and they were very anxious
2 that they would consider the deal for two hostages and the
3 Hawk spares, and then they would work on getting the other
4 two, and then any other subsequent shipments would be based
5 on their being able to release the other two.

6 But at the same time, they wanted to continue the
7 dialogue.

8 One of the bases for us packing up and going was
9 that McFarlane had given an ultimatum. It was early in the
10 morning of the day we left, saying -- they had asked -- the
11 head of the Iranian delegation asked if we can get two
12 released, we think we can, will you give us some time, and
13 so he only gave them until -- I think it was 7:00 o'clock
14 the following morning, because we had gotten the message that
15 there were no -- there was no indication [REDACTED]
16 [REDACTED] that there was any motion on the
17 hostage issue in Lebanon.

18 The following morning, when no one showed up,
19 including Ghorbanifar -- funny thing -- we decided to leave.
20 [REDACTED] and the Rev Guard guy showed up, and we told them
21 we were leaving.

22 We packed up everything and marched out of the
23 hotel room. He arranged for cars. They took us --
24 fortunately, about 2:00 in the morning they started refueling
25 the aircraft.

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1 So, we were able to take off. But I was the last
2 one on the plane. I talked to the two Iranians. They said
3 that they really weren't prepared for us.

4 Why, after all that had gone on -- I don't know
5 whether you can blame it on Ghorbanifar or what. One of the
6 things that came out during the meeting, they showed me all
7 kinds of documentation from Ghorbanifar. He was lying
8 to both sides. He had painted this to the Iranians as the
9 beginning of a long-standing -- a new arms relationship with
10 the United States that included ~~PHOTO~~ missiles, aerial
11 cameras, spare parts for the helicopters, ~~STILL~~ missiles,
12 large number of TOWs, 20 radars, a lot of other things.

13 Q Have you read this morning's Washington Post?

14 A Yes.

15 Q Did you read the story on page 1 about Colonel
16 North?

17 A Yes, I did.

18 Q Just so the record is clear, the story reports,
19 as I recall now, that Colonel North early in the morning
20 of the day you left struck his own deal with Ghorbanifar,
21 ordered the planes to arrive with the rest of the parts, and
22 that he either woke up or when McFarlane woke up, North
23 told McFarlane what he had done, and McFarlane countermanded
24 his order and said that they wouldn't do that.

25 Is there any truth to that story?

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1 A Not that I know of. The plane never left the
2 ground.

3 Q So you think that story is not true?

4 A Not true. It sounds like part of what -- see,
5 the deal that we -- as I was just telling you -- and
6 McFarlane had been briefed on it, too. He agreed, yes,
7 if he can get two out, okay.

8 And also, Ghorbanifar and I were involved in
9 writing the seven-point -- you probably have a copy of it
10 somewhere. I can't recall them offhand -- the seven points.
11 We translated that into Farsi. That was sort of the final
12 thing.

13 Q Let me just finally ask you about that conversation
14 or the meetings that you had.

15 There comes a time, as I understand it, during
16 the course of those meetings when Ghorbanifar makes
17 reference to you about the price of the parts.

18 A Oh, yes.

19 Q Do you recall --

20 A This is very interesting. Why, he approached --
21 Ghorbanifar said to me, "I want to talk to you." We went
22 out in the hall, because he knew the rooms were bugged.
23 He said, "They are going to ask you about the pricing, and
24 the pricing -- the price is going to be \$24.5 million."
25 He says, "It is all right. Tell them it is all right,

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1 because it includes other things, other expenses that came
2 up during the course of this, and there is other material
3 in there. You have to say it is okay."

4 So, I immediately talked to North. I said, "What
5 is this on the \$24.5 million?"

6 He was shocked. So, we called Nir. And we had a
7 three-way conversation in which Nir said, "Look, they owe for
8 other things." We went through a long song and dance about
9 all the expenses Ghorbanifar had up to this. In fact, he
10 had to pay a large amount of bribes to a whole raft of
11 people and that there was no monkey business; the \$24.5
12 million was the correct price.

13 So, we stuck with it.

14 Q Did they ever -- did the Iranians ever ask you
15 about the price?

16 A Yes.

17 Q What did they -- how did that conversation come
18 up? What is it that they said to you and what did you
19 respond?

20 A I basically said, "You know, I am not really --
21 I don't know anything. I am not a military man. I don't
22 know anything about the logistics, the pricing of these
23 things. You have to talk to the businessmen."

24 Q What was the question they asked you? How much
25 was this going to be, or why is it \$24.5 million?

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1 A Yes. It was -- is this accurate?

2 I said, basically, "I assume it is. We can't sell
3 you these things direct. We have to sell them to the -- the
4 military sells them to the middlemen at commercial prices."

5 They didn't raise any big stink at that time. The
6 thing that they did raise is that the head, the senior
7 Iranian, got me aside and showed me letters Ghorbanifar
8 had written, giving them all this stuff that we had never
9 heard about. We only have a copy of one letter and that
10 we got from Nir on a letter Ghorbanifar wrote on the 8th of
11 July, after the fact, in which he made all kinds of
12 ridiculous promises to them.

13 But there were three separate letters which I
14 thought we had copies of. But I could never find the damned
15 things. They were very interesting, because they -- it is
16 clear Ghorbanifar was telling the Iranian side one thing and
17 us another. Ghorbanifar was presenting it to them as a big
18 deal about what the American side was prepared to do.

19 Q The \$24 million figure -- whatever the figure
20 was --

21 A Twenty-four and a half.

22 Q Twenty-four and a half? What was it your
23 understanding that that included as of that time? Just the
24 Hawk parts?

25 A I don't know.

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1 The way Nir said, he said, "Hey, look, that
2 includes other things. They owe him for other arms
3 shipments he is involved in. He is trying to bring all the
4 accounts up square. It is an accurate figure."

5 He was vouching for Ghorbanifar. He said, "It
6 also includes bribes that he was forced to pay."

7 Q Did you have any further discussion with Colonel
8 North about this figure? Is it now -- this figure is
9 getting to be pretty close --

10 [REDACTED] There was this
11 conversation.

12 Was there any further conversation with North about
13 this figure of \$24 million? What is going on here? This
14 is going to be a real problem if we are going to charge this
15 much money?

16 A One of the things we decided is that the thrust
17 of the conversation was that Ghorbanifar was knocking down
18 an awful lot on the deal.

19 One of the things that was considered -- I don't
20 know whether we talked about this in Tehran or later -- is
21 if we do any other deals with Ghorbanifar, we tell him
22 precisely what he can charge -- you know, a reasonable
23 profit -- and tell the Iranians the same thing.

24 Q This was a conversation between you and North?

25 A Yes, subsequent to that.

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1 Q Was --

2 A I don't know whether we talked about this in Tehran
3 or right after. I can't recall.

4 Q Let me make sure that is everything I wanted to
5 ask you about the Iran trip.

6 MR. PEARLINE: Could we take a couple minutes
7 break?

8 MR. EGGLESTON: We are going to have to have
9 lunch at some point, because I am not about to end.

10 What I was going to do is get you back -- we can
11 go off the record.

12 (Discussion off the record.)

13 MR. EGGLESTON: We can go back on the record.

14 BY MR. EGGLESTON:

15 Q Mr. Cave, have you read the Tower Commission report?

16 A Yes, part of it.

17 Q There is a reference in the Tower Commission report
18 to Colonel North on the tarmac telling Bud McFarlane about
19 the diversion of money to the Central American contras.

20 Do you recall that in the Tower Commission report?

21 A I recall it in the report.

22 Q I was going to ask you did Colonel North say
23 anything like that to you.

24 A No.

25 Q And I take it you did not overhear Colonel North

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1 say that to McFarlane on the tarmac in the Tehran airport?

2 A No.

3 Q then you leave Tehran in the early morning hours --
4 I guess it turned out not to be the early morning hours,
5 on the morning of May 28?

6 A It was about 9:00, 9:30 by the time we took off.

7 Q How long did it take you to get back to the United
8 States?

9 A It is a long flight. We didn't get back until the
10 evening, early evening, because it was an 11-hour flight,
11 ten and a half hour flight.

12 The communicator and McFarlane and Teicher and
13 North immediately went over and boarded a Lear jet that
14 Secord arranged for them, so they could fly directly back
15 to the United States.

16 I have ~~de~~degenerative spinal disease, so I decided
17 to stay a night in Tel Aviv. So, I had dinner that night with
18 Nir and his wife and then flew back the next morning.

19 Q Did you have any more discussion with Nir during
20 that dinner about this financing problem?


21 A No, because his wife was not aware of anything.

22 Q Was she aware he had gone off to Tehran?

23 A No.

24 Q Are you married?

25 A Yes.



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1 Q Was your wife aware you had gone off to Tehran?

2 A No.

3 Q And how long -- you arrived back in approximately
4 24 hours later?

5 A Yes. I got the TWA flight out of Tel Aviv the
6 next morning.

7 Q And when you arrived back, how long is it after you
8 get back before you report in to the office or wherever to
9 brief somebody on what had happened on the trip?

10 A It was -- I don't know if it was the next day or the
11 day after. I came in and saw Casey, gave him a rundown
12 on what had transpired. I talked to a couple other
13 people.

14 Q Did you brief anyone at the NSC about your
15 impressions of the trip? I assume you had conversations with
16 North. Did you ever brief Poindexter?

17 A We had a meeting with Poindexter some time after
18 that. It was just a where-do-we-go-from-here type of
19 thing.

20 Q Did you ever brief the President?

21 A I did not see the President until November 24 at
22 the NSPG meeting.

23 Q November 24, 1986?

24 A Yes.

25 Q Had you met with Poindexter prior to the trip?

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1 A Yes.

2 Q On how many occasions?

3 A I met Poindexter before he came -- before he
4 replaced McFarlane. It was to give him my impressions of the
5 Iranian exiles. It was completely different.

6 Then I think I saw him once before he went in.
7 There was one meeting.

8 Q Do you recall how much it was prior to the time that
9 you went in to Tehran?

10 A It was shortly before we went in.

11 Q What was your impression of his view of the trip?

12 A He seemed to be a little bit concerned about the
13 security of everyone that was going in. So was Casey.
14 In fact, Casey told me at one point, "The decision to go in
15 is yours." He asked me, he said, "Look, I want you to give
16 this serious consideration, because if you decide -- and you
17 know better than anybody else -- that there is a great deal
18 of risk in this, I will call up the President, and we will
19 cancel it."

20 I said, "No, I thought about it, and I think that
21 there is certainly some danger involved, but I think the
22 chances of us being really harmed there, of being in harm's
23 way, are not too great."

24 Q In your meeting with Director Casey after the trip,
25 did you give him your conclusions about the trip, what had

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1 been accomplished, where you should go from there?

2 A I was a little more upbeat than the rest of the
3 people on the trip. I was more upbeat not -- in hindsight,
4 it turns out they were looking at different things. I was
5 upbeat because the Iranians seemed sincerely interested in
6 maintaining a dialogue.

7 I told Casey it was my conclusion that no matter
8 what happened, we were only going to get two more hostages
9 out at the most. Two more, I think we can count on. Maybe
10 another one, a third one.

11 I thought if we kept this up, we could get two
12 more out, two hostages out, which is what we got.

13 Q Did you think -- did you give the conclusion that
14 you thought that you should continue with Ghorbanifar as
15 the intermediary?

16 A No. I thought we should definitely -- I have
17 always been, of course, against Ghorbanifar as an
18 intermediary. Granted, other people had reservations that
19 to get rid of him may be more dangerous than to keep him.
20 He would certainly try to get even with us for ~~que~~ring a
21 good deal that he thought he had.

22 Q There is -- after the meeting -- and this will
23 be the last question I ask before lunch -- after the
24 meeting there is a long -- after the meeting in Tehran there
25 is a long period of time before the hostages are released.

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1 Are there meetings during that time about whether or not to
2 close down the entire operation?

3 A I don't know about closing it down.

4 During this period, most of the action is under-
5 taken by Nir in concert with Ghorbanifar. That culminates
6 in our meeting in Frankfurt which precedes the release of
7 Jenco.

8 Q Has your contact with Ghorabanifar dropped off
9 substantially by this time?

10 A Yes.

11 What has happened is, you know, this is the period
12 when I get all these calls from [REDACTED] complaining about the
13 pricing of the stuff.

14 Q Let me pick that up after lunch.

15 MR. EGGLESTON: We can go off the record.

16 (Discussion off the record.)

17 (Whereupon, at 12:20 p.m., the deposition was
18 recessed, to reconvene at 1:30 p.m. the same day.)
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AFTERNOON SESSION

1:35 p.m.

Whereupon, GEORGE W. CAVE, having been previously duly sworn, resume the witness stand and testified further as follows:

THE REPORTER: You are still under oath, Mr. Cave.

THE WITNESS. I figured that.

BY MR. EGGLESTON:

Q Mr. Cave, at the time we broke for lunch, we had just finished the trip to Tehran in late May and the immediate reaction to it and your meeting with Director Casey about it and the reactions and discussions with him. The next thing I want to talk to you about is your conversations that I think you had with [REDACTED] beginning really in June of 1986. I think some of those conversations deal with pricing issues.

Maybe it would make it easier for you if I put CIIN 515 and -- why don't I give you -- I will start with 515.

A Okay.

Q Is this -- there is really, as I can tell, at least from your memorandum, there doesn't appear to be -- the fight over the prices is not really discussed?

A This doesn't come up until later. This is the 13 -- I think the first conversation where he complains

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m2

1 about the pricing is on the 20th, isn't it?

2 Q I don't know that I have a note of one on the
3 20th. That could well be.

4 A Yes. After the -- you have another one attached
5 to this.

6 Q Is that a different day?

7 A This was based on a speech. This is something
8 based on a speech Rafsanjani made.

9 Q Are those not connected items?

10 A They are not connected.

11 Q Why don't you just rip them apart. Otherwise,
12 I will confuse myself.

13 A Let me just say a brief word about this. After
14 we come back from Tehran, whatever movement there is is
15 between Nir, Ghorbanifar, and the Iranians in Tehran.
16 Now when we refer to our friend, that is Ghorbanifar. It
17 is quite apparent that [REDACTED] wanted to talk directly with
18 me to see if there was any -- if it was really worth while
19 pursuing this. This is the first conversation.

20 Q That is what I was going to ask you. Is this
21 as best you recall the first conversation you have after
22 getting back?

23 A Yes. Because I think Ghorbanifar provided the
24 phone numbers [REDACTED] And I
25 called him because I think the [REDACTED] -- this was based

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m3

1 on a request by [REDACTED] It was passed through by
2 Ghorbanifar.

3 I had the one position that I had taken is before
4 we do anything else, we would want to have another talk
5 with the Iranians. I didn't think we should go ahead with
6 the deal until after we could talk with the Iranians.

7 Q By the Iranians, who are you referring to?

8 A In this case, we are referring to [REDACTED] Such
9 dialogue as would remain would remain via the [REDACTED]

10 [REDACTED] That is how we left it when we left Tehran.

11 Q This to me, 515, appears to be not -- does not
12 represent much advancement over Tehran. It seems to be
13 substantially the same positions as they have set forth?

14 A Yes.

15 Q Had you at the Agency made decisions to continue
16 the contact even though no hostage had been released --

17 A I didn't do anything without coordinating it with
18 Colonel North. In other words, as far as we were
19 concerned, he was still the point man in the operation.

20 Q Let me just ask you how often did you meet with
21 the Director about this? Was he -- and I don't know
22 exactly how to ask the question. Did you have fairly
23 regular meetings with him personally about the project
24 and the progress of the project?

25 A Not so much during this period. There were a

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m4 1 couple of meetings. But once we had the meetings with
2 the new channel, I saw him very often.

3 Q But between the time you get involved in March
4 and the time of the new channel, the meetings are not very
5 often?

6 A No. There wasn't that many of them.

7 Q Is he generally supportive of this operation?

8 A Yes.

9 Q Is he enthusiastically supportive? I am asking
10 about the time before the second channel?

11 A Oh, yes. He wanted -- strongly believed we needed
12 some kind of strategic dialogue with Iran.

13 Q I take it -- this is getting way ahead -- I take
14 it from prior conversations with you that you were being
15 more enthusiastic once the second channel is established?

16 A Yes. Because we are talking to people then who,
17 it is quite obvious, they are going to -- that there are
18 responses and definite -- there are definite proposals made.
19 We got no -- despite ~~all the hatching that went on~~^g in Tehran,
20 if you talk about definitive things the Iranian side was
21 going to do, it was very little.

22 Q The next document I have is 592 and -- I don't
23 know that you need to review it, but I just wonder if this
24 is the next conversation that you had? It is a transcript
25 of a conversation. The date at the top is June 17 of 1986.

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m5 1 A Yes. This is a follow-up of the other one in
2 which based on instructions, after talking with North, I
3 kept -- adhered to the view that we would do everything
4 according to the program we wrote out in Tehran.

5 Q Let me just get back to 515 for a second. I note
6 at the end you indicate once again that you have doubts that
7 the Iranians have control over the hostages at all.

8 A That is this one?

9 Q Actually it's the last several words of 515.

10 A Oh, yes. Because one of the things we had told
11 them before we left is if you want this deal to go through,
12 they better get control over some or all of the hostages.
13 From the way he talked when I brought this up in this
14 conversation, I sincerely doubted that he was telling me the
15 truth.

16 Q Did they -- the Iranians -- did they essentially
17 admit to you in Tehran that they did not have control over
18 the hostages?

19 A Yes.

20 Q That they could exert influence but didn't have
21 the ability to snap their fingers and order release?

22 A They had a person or persons over there with whom
23 they were in contact; and the way they put it to us is that
24 they thought that they could get -- were pretty sure they
25 could get control over two, but it would be a very time

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m6

1 consuming process. It was at the Tehran meeting where the
2 real problem with the captors emerged, i.e., the 17 Dawa
3 prisoners in Kuwait.

4 Q It was at the Tehran meeting when that became one
5 of the bargaining --

6 A Very clear. Realizing that we could go so far
7 and then nothing -- nothing could happen with regard to the
8 hostages until the Dawa prisoners issue was cleared up.

9 Q The next memorandum I have of a conversation
10 that you had is number 516 and it refers to a conversation
11 on the 22nd of June. A moment ago you mentioned a conver-
12 sation on the 20th.

13 A It could be the date. I can take a look at it.

14 This is the first indication. This is why he is
15 urging me to contact the merchant. The merchant refers to
16 Ghorbanifar. To contact the merchant to get the details.

17 Q Is this then the first conversation where he begins
18 to express concern about the pricing?

19 A Well, I am talking about hindsight. That comes
20 out later. This is why he is saying contact the merchant.

21 Q There is just one specific question I wanted to
22 ask you about this one. In paragraph 2 of this document,
23 which is again 516, it says "He pointed out that the
24 previous release of the one person returned for the
25 one thousand had not left them in good order as the one

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m7 1 thousand were not that important and they had to return the
2 other materials."

3 What is he referring to, the one thousand?

4 A I assumed that he was referring to the one
5 thousand TOWs delivered in February.

6 Q Right.

7 A But that doesn't make sense. There is nothing
8 released for. The other things were the HAWK missiles
9 that the Israelis delivered in November that were all
10 returned.

11 Q I take it all the references to four million
12 and two million, those are referenced to the hostages?

13 A Yes.

14 Q But your understanding at the time was he was
15 talking, when he talked about the 1000, he was referring
16 to the TOWs?

17 A Referring to the TOWs.

18 Q That is what I assumed as well.

19 A But he may have been referring to the -- just
20 made a mistake in the number and meant the original
21 500 which precipitated the release of Weir. He may
22 have got the numbers wrong. He's not very bright.

23 Q He's not?

24 A No.

25 Q Is he the one whose breath could curl --

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m8

1 A It was awful.

2 Q Was that him?

3 A Yes.

4 MR. WOODCOCK. For the record, it should be clear
5 that that is a reference to a breath that would curl a
6 rhino hide.

7 BY MR. EGGLESTON:

8 Q You indicated a couple of times, and I have not
9 asked you any follow-up questions that the people actively
10 engaged during this time was really not you and people at
11 the Agency but the people who were active were Ghorbanifar
12 and Nir?

13 A Oh, yes. During this period. They were the
14 ones really dealing with the Iranians.

15 Q How did you know they were doing that?

16 A Because there were calls from Ghorbanifar and Nir
17 and I think to both Charlie Allen and Colonel North and I
18 think North saw Nir at some point during this period.

19 Q I have been generally asking you about June of
20 1986. You think June or July?

21 A I can't remember when Nir saw the Vice President.
22 I don't know what that date was.

23 Q That was June 29th -- excuse me, July 29th.

24 A July 29th. Leading up to all this is that Nir
25 was working very hard with Ghorbanifar to keep this thing

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m9 1 going.

2 Q Do you know who Nir was dealing with on the Iranian
3 side, just [REDACTED]

4 A But via Ghorbanifar.

5 Q I remember from the last time we talked that you
6 stated that after Ghorbanifar's arrest in late April he had
7 begun to have some financial problems and that the Israelis
8 might have been helping him financially?

9 A Nir might have. That may have been what the
10 reference to the \$2 million was in the 22nd of October
11 meeting with Furmark. I don't know. We suspected Nir
12 was involved financially with Ghorbanifar. For what reason -
13 purposes, I don't know.

14 Q Was he still financially -- he meaning now
15 Ghorbanifar -- still financially hurting at this time through
16 the summer of 1986?

17 A Yes.

18 Q The next memorandum --

19 A I think [REDACTED] you see
20 an enormous amount of complaints. Now they paid him at
21 some point in June, which he confirmed, 4 million bucks.

22 Q Four million?

23 A Yes. Then you get -- there is a conversation
24 between I and [REDACTED] on the 27th of August in which he
25 assures me they have settled all their outstanding accounts

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m10 1 with Ghorbanifar.

2 Q ~~Was the~~ \$4 million that he was paid the money for
3 the HAWK parts that had been delivered in May?

4 A [REDACTED] said yes, but Ghorbanifar said no. He
5 said only \$1 million of it was for the HAWK spares and
6 \$3 million for another deal.

7 Q A deal unrelated to the United States?

8 A Unrelated, yes.

9 Q Did you ever decide who to believe in that one?

10 A No. Well, the Iranians were actually -- one of
11 the sort of amusing things is both the new channel -- they
12 told us they ^{were} ~~are~~ so confused about all the deals that they
13 had negotiated with Ghorbanifar that even they... So based on
14 the separate meetings here in Washington, I urged them to
15 put some accountants onto it, which they did. They said they
16 had a team of accountants at, I think, the end of October
17 meeting they told us it was worked out.

18 Then the figures were given to us on 7 November
19 that, yes, they did owe Ghorbanifar another \$10 million.
20 But the way they calculated, he also owed them an
21 additional thousand TOWs and they would be willing to
22 discuss it with him.

23 It was very interesting that Furmark proposed
24 letting him sell a thousand TOWs to the Iranians as a way of
25 getting out of all of this.

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m11 1 Q Letting Ghorbanifar?

2 A Yes.

3 Q How was he going to get the TOWs? From us?

4 A I guess.

5 Q My notes reflect there was [REDACTED]

6 [REDACTED] around June 20th which indicated some very specific
7 prices with regard to the amount that the HAWK parts had
8 cost. Do you have any recollection of having seen that?

9 A That might refer to the Iranians got hold of these
10 Department of Defense microfiches which list prices but are
11 not really published for the purpose of price. They are
12 published to get the serial numbers and descriptions correct
13 for ordering them. I think that is what they are
14 referring to.

15 Arguing with Ghorbanifar, hey, look, according
16 to the Department of -- documents we got from the Department
17 of Defense the price of these items is only such and such
18 and you charged us six times as much.

19 Q Let me show you a memorandum of a call with
20 [REDACTED] on June 30. It is CIIN 517 which is a call where
21 there was a lengthy discussion about -- as you say --
22 "continued to harp on the price of 240 items."

23 Does he have the microfiche by the time of this
24 conversation?

25 A Yes. He kept insisting and I kept telling him

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ml2 1 that we had to sell them to a middleman and he had to
2 deal with a middleman on the pricing. There was nothing
3 else I could say.

4 See, here I think this is the first time the
5 microfiche comes up in our conversations. No. It came
6 up once before. That is right. I said well, if you have
7 it, send it. And we eventually got it, but even much later
8 than this.

9 Q You eventually received his copy of the prices?

10 A Just part of it. Then we were able to identify
11 what it was he was talking about.

12 Q Did you identify where the price list had come
13 from?

14 A Yes. It is the Defense Logistics Agency in
15 Battle Creek, Michigan. They print these things and send
16 them all over the world.

17 Q So it is not any kind of a secret item?

18 A No. At least, I can't -- I wonder why they were
19 sent to Iran or how they got them. But actually they are
20 not -- they are not specifically for pricing. There is a
21 cover sheet which says these are to be used primarily
22 because the pricing of any item is based on the replacement
23 cost to the U.S. military. Unless it is going to be
24 excessed.

25 Q There is a price reflected on it?

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m13 1 A Yes. I think -- you know, it is very difficult
2 for me -- the explanation that I got, which we tried to
3 later use with the new channel, was that the price was a
4 manufacturing price -- the manufacturer's cost. Whether
5 that is true or not, I don't know.

6 Q I am sorry?

7 A The price on these microfiches was the manufac-
8 turer's cost.

9 Q How much after this conversation did you actually
10 receive the list, if you recall? This is late -- last
11 day of June.

12 A Sometime in July.

13 Q Sometime in July?

14 A Yes.

15 Q This conversation, probably at least by now, you
16 are pretty well focused.

17 [REDACTED] You are focused the Iranians
18 believe they paid \$24 million or so for these HAWK parts?

19 A Well, we don't know -- what is very clear is the
20 Iranians are clearly aware of the fact they are paying
21 a hell of a lot more than the listed price.

22 Q Did you -- what if anything did you do after --
23 by this time it seems to me -- pardon me.

24 By this time I would suspect there is some
25 concern because they are really starting to get upset about

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ml4 1 the prices. There must have been some concern that the
2 prices are so high you had to start wondering whether or not
3 they are just going to kill the hostages as revenge for them
4 getting ripped off. You must have worried about operational
5 security, to use a term?

6 A There was a concern. I think at one point, in
7 one of those conversations, I asked that we discuss it when
8 we meet in Europe. I also talked to Colonel North
9 about it. But the basic position we took with them was that
10 he should haggle it out with Ghorbanifar since Ghorbanifar
11 was the man that actually sold the stuff to them. This
12 is one of the reasons why when we met with the new channel
13 that we did not deal via Ghorbanifar.

14 Q Did you and Colonel North ever go to Ghorbanifar
15 and say what in the world is going on? We gave you items
16 worth \$6 million and we are now learning from everybody
17 under the sun that you charged \$24 million? What
18 in the world is happening?

19 A No. Because the next time we see Ghorbanifar is
20 at the 27th of July meeting.

21 Q Is there any -- let me ask at what level the
22 meetings got on this in the United States as your intelli-
23 gence and your information continues to develop?

24 A On this specific problem?

25 Q This price disparity.

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m15 1 A It was just basically meetings with Colonel North
2 I think; [REDACTED] is involved. Because -- and Charlie
3 Allen, because there was some concern what the Iranians
4 would do.

5 Q How concerned are you? I am really talking
6 now from here up to the meeting of July 27th? How concerned
7 are you that there might be some risk to the hostages as
8 a result of this dispute?

9 A Well, I don't --

10 Q Is it serious?

11 A I don't think there was a serious risk to the
12 hostages. The hostages were very valuable to the
13 captors.

14 Q You mean as opposed to the Iranians?

15 A Yes. So that I don't think they were going to
16 give them up; and the Iranians had other long-term goals
17 in mind in this, so that whatever the problem was on this,
18 I don't think they would allow that to deter them from their
19 long-term goals.

20 Q Let me, as I sort of keep going through things
21 here, ask you there are a series of meetings -- I should
22 say two meetings on July 10th and 11th of 1986. The dates
23 are reflected on document 169 and 170. Are these your
24 notes?

25 A This is mine, but I am trying to remember who it

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m16 1 was talking to.

2 Q Since it has been redacted --

3 A Ten July?

4 Q It looks like Hakim is there?

5 A Yes. I wonder if I wrote this. Sam is me.

6 Q That is what I assumed.

7 MR. PEARLINE: Can we go off the record?

8 (Discussion off the record.)

9 BY MR. EGGLESTON:

10 Q Let's go back on the record.

11 I will ask you so the record is clear, I have
12 showed you two documents, 169 and 170. Could you describe
13 what those two meetings were about?

14 A This is the beginning of our attempts to open up
15 a new channel. We had learned from business contacts of
16 Hakim that [REDACTED] had been out and had
17 contacted a close friend of this guy here saying that
18 Rafsanjani was interested in a discrete contact with the
19 Americans. For some reason, [REDACTED] also wanted to
20 contact Khashoggi. We never found out why. So what we
21 did is Hakim brought [REDACTED] -- they have his
22 name, don't they?

23 MR. PEARLINE: Yes.

24 THE WITNESS: [REDACTED] to the United States. We
25 talked to him on the 10th and 11th of July.

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m17 1 MR. LEON. Who is we?

2 THE WITNESS: I talked to him. I think -- I am
3 sure Colonel North met with him on one of these days.

4 But the -- he might have met with him separately
5 from me.

6 But at this meeting it was Albert Hakim and my-
7 self talking to him. And also on the 10th of July.

8 BY MR. EGGLESTON:

9 Q Okay.

10 A Colonel North did not participate in these two
11 meetings, but I think he met with him.

12 Q Was this the beginning of the second channel?

13 A This was the beginning of it because this man was
14 then instrumental in arranging the meeting in August
15 between [REDACTED] and General Secord in Brussels.

16 Q Thank you.

17 A I am sorry I didn't recognize them. I did that
18 on the computer. That is why the mistakes are corrected.

19 Q Not on your home typewriter?

20 A On my home computer.

21 Q I hope it was Tempest secure.

22 The following day on July 12, you have another
23 conversation -- I don't know if you recall it -- with

24 [REDACTED] I will hand this to you to refresh your recollec-
25 tion. It is CIIN 518.

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m18 1 A Oh, yes. I wish Charlie hadn't given him my
2 home phone number.

3 Q So he's calling you at home?

4 A Yes. Which made my wife extremely curious about
5 what the hell was going on. She knows some Persian. Yes.

6 Q I take it that this conversation was a continua-
7 tion of the complaints about the pricing as well as some
8 discussion of a need to get a hostage released before any-
9 thing was going to happen?

10 A Yes. This is a pretty blunt -- and it was
11 pretty clear at this time that they had not succeeded in
12 much at this point.

13 Q That who --

14 A The Iranians hadn't succeeded.

15 Q They hadn't gotten very far about getting a hostage
16 released?

17 A Yes.

18 Q Was it your impression they were working pretty
19 hard to get one released?

20 A We didn't have any corroborating -- there was no
21 corroborating information [REDACTED] but what
22 we got from Nir and Ghorbanifar was that there was efforts
23 being made and in the conversations with [REDACTED] He
24 would always keep saying yes, we are trying, we are
25 trying.

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m19 1 Q The next indication of an event I have is
2 that on July 21st, you met with Nir. You must have gone
3 to London to meet with Nir, you and Oliver North?

4 A Okay. That is when that meeting was. Yes.

5 Q First, did anything happen between this conversa-
6 tion with [REDACTED] on July 12th and this meeting on July
7 21st in London? Do you have any recollection of any
8 significant events?

9 A No.

10 Q Maybe you could just describe the meeting of
11 July 21st.

12 A This is the one -- this is -- what transpired at
13 this meeting is Ollie and I flew over to see Nir. It
14 was one of those typical North trips where you get off
15 the plane for six hours and are supposed to get back on
16 another one. I didn't. I again spent the night in London.

17 But what it was is so they could discuss the fact
18 that Ghorbanifar thought he had come to some sort of an
19 arrangement to get things moving again. We agreed that --
20 as I recall -- I don't recall an awful lot about that
21 meeting. I was awfully tired, but in any case, this is
22 what I believe -- the way North put it, if something can
23 be done -- I think we were talking about if we get a
24 hostage released, we would send the rest of the spares
25 in because Ghorbanifar thinks then we can continue on

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m20 1 with the deal.

2 As I recall, North said yes, they would give that
3 active -- our side would give that active consideration.
4 That is about all that transpired at that meeting that I
5 can recall. Nir immediately took off to see Ghorbanifar to
6 see what the status of play was; but as I recall, North
7 also said that we would do nothing until -- someone has
8 to be released.

9 Q So you stay an extra day and come back --

10 A The next morning.

11 Q -- the next morning.

12 I take it the next event that takes place is the
13 meeting in Frankfurt?

14 A Yes.

15 Q Who attends that meeting in Frankfurt?

16 A Ghorbanifar was there, Nir, North, and I.

17 Q And according to my notes that takes place on
18 around July 25th? Well, let me ask it this way. Was it
19 the day before Jencio was released?

20 A I think so. Wasn't he released on the -- was he
21 released on the 26th or 27th? I am not sure.

22 Q I sort of lost track.

23 MR. WOODCOCK. The 26th.

24 MR. LEON: Jencio was released on the 26th.

25 THE WITNESS. The 26th; yes.

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m21

1 BY MR. EGGLESTON:

2 Q What occurs at that meeting in Frankfurt?

3 A This is the meeting where in return for the
4 release of Jencio, they would send in the rest of the
5 spares which is basically what happened.

6 Q How long does this meeting last?

7 A It was in the airport hotel. It didn't really
8 last that long.

9 Q Couple of hours?

10 A About an hour-and-a-half.


11 Q Was it another quick turn-around? Did you get
12 right back on the plane and come back?

13 A As I recall I had some other business I could
14 take care of in Frankfurt. North probably -- he always
15 did.

16 Q North always went straight back?

17 A The next plane he could get. He always did that.

18 Q Was there any discussion -- this is the first
19 meeting then that you had with --

20 A Wait a minute. North did send ^LKX-47 message 
21 from the hotel. I guess he did stay that night. Saying
22 what was -- to alert them what was happening. And then --
23 to make the arrangements to receive Jencio.

24 Q So you think he stayed that night?

25 A Yes. In fact he stayed in Europe because of

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m22 1 Jencko.

2 Q Were you certain as of that meeting that Jencko
3 would be released the following day?

4 A Yes, as I recall we were.

5 Q Did you have any conversations when you were
6 there with anyone in Iran?

7 A I don't recall any.

8 Q You don't think so?

9 A No.

10 Q But it was not - [REDACTED] was not present at
11 this meeting, you take it?

12 A No.

13 Q And then Jencko was released the following day.
14 Let me ask, you indicated -- this is the first time you met
15 with Ghorbanifar I guess really since the meeting in Tehran;
16 is that correct?

17 A Yes. I think -- as I recall it is the first
18 meeting I had with him since Tehran.

19 Q Did the subject of the pricing of these -- of the
20 HAWK parts come up during the course of this meeting?

21 A I think Nir asked us not to bring it up.

22 Q Do you know why?

23 A No. I don't recall. I was fed up with the
24 whole pricing issue by then anyway.

25 Q I take it, though, you still have to be concerned

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m23

1 that it is on your scope or whatever?

2 A What happens -- Okay. What happens at this
3 meeting, we took up something else. It is at this meeting
4 that Nir tells us -- he also tells us at the meeting in
5 London -- okay. That Ghorbanifar had made counter proposals,
6 which is this giving them a reduction in price of \$6 million,
7 what have you, and that there was a letter -- had sent a
8 letter on the 8th of July.

9 Q Right.

10 A Nir promised that we had not yet gotten that,
11 as I recall, when we met. But we were told this would
12 settle everything. This is -- you have a copy of that
13 letter.

14 Q I do.

15 A I don't know whether it was settled, but as I
16 recall there wasn't that much hassle about the price
17 afterwards in conversations I had with -- it sort of
18 changed.

19 It was me pressing [REDACTED] to get on with the
20 deal, get everything settled so we could continue.

21 Q This is after which time now?

22 A This is after the 27th July meeting. Finally, at
23 the end of August, [REDACTED] tells me they settled all their
24 accounts with him.

25 Q Let me get to the 27th of July meeting. Where

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m24 1 does that take place?

2 A That takes place at [REDACTED] in
3 Frankfurt.

4 Q So have you basically -- you had a meeting on the
5 25th in Frankfurt. The 26th Jenco is released. Then
6 there is another meeting on the 27th? Is that right?

7 A I think there was just the one meeting on the
8 25th. I might have had the dates wrong.

9 MR. LEON: Could that meeting have been on the
10 26th instead of the 25th?

11 THE WITNESS: I didn't make a memo of that meeting.

12 BY MR. EGGLESTON:

13 Q I think that is right. Let me ask it this way
14 because I care less about the dates. You distinctly recall
15 having a meeting with Ghorbanifar right before Jenco
16 is released?

17 A I thought it was right before he was released.

18 Q We don't have a memo to show you but let me --
19 I can read it to you. There seems to be some indication
20 in some contemporaneous notes North wrote to Poindexter you
21 were leaving the night of the 26th and Jenco is released
22 the 26th and you were going to meet North and Second in
23 Frankfurt tomorrow, which would be the 27th. Nir and
24 Ghorbanifar depart London tomorrow. And will also meet in
25 Frankfurt the next day.

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m25 1 I guess the significant issue --

2 A You know, I don't recall meeting Secord.

3 Q You don't think Secord was in these meetings?

4 A I thought it was just Ollie, myself, Nir, and
5 Ghorbanifar. I don't remember Dick participating.

6 Part of the problem was I had nothing to do with
7 the hostages, I mean when they were released. That was all
8 taken care of by North.

9 Q Right.

10 A So I'm kind of hazy about the timing.

11 Q Let me ask it this way, I guess, just so we are
12 clear. Do you think around this time there was only one
13 meeting, though? There wasn't a --

14 A I only recall the one meeting.

15 Q Do you think that the meeting then -- and I know
16 you don't have any memoranda on this -- but is it your best
17 recollection the meeting was -- it seems to me there are
18 two ways. It was the day before, something was along the
19 following lines, damn it, you have to get a hostage out
20 or we are not doing anything and he says it will happen
21 tomorrow. Or the hostage is released and it is said the
22 hostage is out, let's get our act together.

23 A It was a foregone conclusion he was being
24 released when we had the meeting.

25 Whether we met --

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Q I get it.

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A You know, immediately before, because I know
Ollie was very busy sending KX-47 messages about how to
handle the -- Jenc^o when he was released. Didn't they
hold Jenc^o for two days?

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1 Q You mean held him without revealing that he had
2 been released?

3 A Without revealing he had been released.

4 Q I think that is right. Hoping additional hostages
5 would be released?

6 A Yes. I think we were misled by Ghorbanifar on
7 that.

8 Q Ghorbanifar suggesting there might be additional
9 people?

10 A I think that is the way it went. We were hopeful
11 of getting more.

12 Q You think it might have been --

13 A The confusion might have been on the fact that
14 Jenco was held.

15 Q He had actually been released, but it wasn't
16 public.

17 A He was held for two days before it became public.

18 I am hazy -- my memory is hazy because I was not
19 directly concerned with the hostages. [REDACTED]

20 [REDACTED]

21 Q You think it was only one meeting?

22 A I am sure we only had one meeting.

23 Q Let me ask you, this is CIIN --

24 A There may have been another meeting that I did
25 not attend.

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1 Q I understand that.

2 Is this in your handwriting?

3 A No. That can be read.

4 Q It seems to say at the top of it "Cave to be."

5 A That is not my handwriting.

6 Q Can you tell by looking at it what meeting those
7 are notes from?

8 A Oh, man.

9 Q It is not that important if you can't tell.

10 A I think that might be from that meeting because of
11 the timing of some of the things.

12 Q That was my guess.

13 A But I couldn't be certain. That is not my
14 handwriting. It has "Cave to --" -- I think that is Ollie's
15 handwriting, isn't it?

16 I couldn't tell you precisely, but from the
17 things that are being discussed, it could have been that
18 meeting, because it is certainly some time around the end of
19 July. I can't positively identify it.

20 Q Between -- if I didn't, the number CIIN 584 -- that
21 is the number of the document about which Mr. Cave was just
22 speaking -- between the meetings that had occurred on
23 July 10 and 11 of 1986 and the time of these meetings in
24 late July, had there been any further development of the
25 second channel?

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1 A No. That didn't occur until August.

2 Q Let me just ask you -- I will show you CIIN 519.
3 That is a memorandum dated 9 August of 1986, I think. Is
4 this a document you had something to do with?

5 A Yes.

6 Q Who is [REDACTED]

7 A Me.

8 Q Had you changed your alias by this time?

9 A No. [REDACTED]

10 [REDACTED]
11 Q Unredacted.

12 A How did that get through. Okay.

13 Q Do you remember this call?

14 A Yes.

15 Q What was the purpose of this call? I can't recall
16 this that well.

17 Did you call him or did he call you? It is a
18 call to [REDACTED] for the record.

19 A I don't recall precisely whether he called me or
20 I called him, but this was kind of an interesting call,
21 because nothing ever transpired that was discussed in it.

22 By this time we had already contacted the second --
23 the second channel -- 9 August.

24 Oh, no, hold on a minute. Wait a minute. We
25 had not yet contacted the second channel when I made this

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mas 1

1 call. In this call, he indicates that they were prepared
2 to settle their accounts with Ghorbanifar as soon as
3 the military had finished the inventory of the parts
4 that we sent on 5 August. This is why he is so pleased,
5 that we completed our end of the bargain. Yes. It jogs
6 my memory. As I say in here, to get things moving, we are
7 going to have to meet. He agreed to it. He seemed very --
8 he had been in a ~~down~~ mood in all the previous calls. He
9 was very happy about this one because his tail was on the
10 line on this one, too.

11 Q The next thing I think that happens, at least as
12 nearly as I can tell, is there is a mid-August meeting
13 with the second channel.

14 A Yes, that is correct.

15 Q Could you describe how that is developed and what
16 occurs. I take it you don't attend that meeting?

17 A No. That was Secord.

18 Q Can you tell us how that meeting got put
19 together, who was present, what happened?

20 A That meeting was arranged by the new Iranian
21 contact that we ~~saw~~ on the 10th and 11th of July. It was
22 arranged ~~for~~ Brussels ~~because~~ it was easiest for ~~him~~
23 ~~to~~ to get there. He had business there. Belgium is
24 where the Iranians buy most of their medicines for the
25 treatment of the wounded.

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m2 1 I forget the exact date of the meeting, but it
2 was sometime around mid-August. At that meeting, he agreed
3 to come out again and meet with us in Washington.

4 Q Do you know who met with him in Brussels?

5 A I think it was just Secord and the other two
6 Iranians.

7 Q Do you know whether Hakim was at that meeting?

8 A I don't know for sure. I know -- I know General
9 Secord was there. I think that Hakim was in the States at
10 the time, but I couldn't swear to that.

11 Q As of this time, what is the focus of this second
12 channel? What is it that you are hoping to achieve through
13 the second channel that hadn't worked through the first
14 channel?

15 A Well, what we were always concerned about is
16 nothing seemed to happen. In other words, there were no
17 real concrete proposals from the Iranian side on a
18 strategic and political relationship. This had been
19 discussed at great -- ad nauseum in Tehran. And Tehran --
20 in Tehran, the Iranians talked about the undesirability of
21 the Ghorbanifar [REDACTED] channel. So that they agreed to
22 look for a new channel and we were to consider the new
23 channel.

24 One of our assumptions was the initiative of [REDACTED]
25 [REDACTED] was based on discussions in Tehran. In other

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1 words, when they got together back there and said what are
2 we going to do now, we said well, we will work it out. They
3 are very paranoid. [REDACTED]
4 [REDACTED]

5 Q Was it your understanding that this second channel
6 was really dealing with the same people?

7 A And would deal with the issues. But it would deal
8 with issues which never really got dealt with in Tehran.

9 Q I think you indicated you had a conversation in
10 late August of 1986?

11 A With [REDACTED]

12 Q Yes.

13 A That is when he tells me -- I think one of the
14 last conversations I had with him was on, I think, the
15 27th of August. Do you have a record of that?

16 Q I don't have a record. I have a record of a
17 memorandum by Charlie Allen but not a record that you
18 prepared of the conversation. There may be one and I haven't
19 seen it.

20 A That is the one where he tells me as of the 21st
21 of August that they had squared all their accounts with
22 Ghorbanifar.

23 Q Is this where he tells you about the -- we owe
24 him money but he owes us TOWs?

25 A No. [REDACTED] never tells me this. This we get

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m4 1 from the new channel.

2 [REDACTED] tried to -- from that point on, tried
3 to get information out [REDACTED] of me on the second channel.
4 Based on conversations with the new channel, I always
5 sort of ^{parried} ~~parried~~ him off on it. Stonewalled him on it.

6 Q Has there been a decision by this time that you
7 are not going to deal -- you meaning people in the Agency --
8 are not going to deal with [REDACTED] and Ghorbanifar?

9 A There is no concrete decision. There is a great
10 deal of concern about how we handle Ghorbanifar so he
11 doesn't go public or doesn't screw up the operation.

12 Q Who throughout this period of time is participating
13 in these strategy meetings about how to deal with the
14 termination of the old channel and the surfacing of the
15 second channel? Who first at the Agency is involved in these
16 decisions?

17 A Not me. It is basically the decisions have to
18 come from the NSC. We give our views. [REDACTED]
19 gave his views; I mean; Charlie his. I don't think Casey
20 had strong views on this.

21 The problem was that even after the Tehran
22 debacle, Nir was insisting on the use of Ghorbanifar; and
23 after the release of Jencio, he continued to argue that
24 Ghorbanifar proves he can get things done.

25 So it was a very complicated thing and it was

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m5 1 complicated by the fact that we wanted to keep the whole
2 initiative secret and we were afraid if Ghorbanifar was cut
3 off, he might go public or at least take some steps to
4 screw up the operation.

5 In our initial conversations with the new channel,
6 [REDACTED] we spent a lot of time discussing this, how
7 to handle it. They had some ideas and we had some
8 ideas.

9 Q So the new channel was also concerned about what
10 reaction Ghorbanifar might have?

11 A Yes. And we were very concerned about it also.

12 Q Let me just expand on one question. Is Clair
13 George involved in these conversations about -- these
14 planning conversations about what to do? He's a name you
15 haven't mentioned much up to now?

16 A I don't think Clair really got involved an awful
17 lot until after we got into the second channel and then
18 the thing got exposed.

19 Q How about Dewey Clarridge? Is he involved?

20 A Dewey wasn't involved really that much. Dewey
21 sort of stood in when someone -- in other words, he
22 was involved in a couple of meetings because we didn't
23 have very many people who were cut in. So when you wanted
24 to review something, what are you going to do? It is nice
25 to have a senior experienced officer. Dewey, when [REDACTED] was

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m6 1 away on trips, Dewey would take over his role in this
2 operation.

3 Q So he was essentially there as another sounding
4 board, idea guy to decide what to do?

5 A Yes.

6 Q But he was not involved operationally?

7 A He was not a key player in this operation, no.

8 Q Between the time of this conversation with
9 [REDACTED] in late August and then I take it there is a meeting
10 in Washington with the second channel on the 19th and 20th
11 of September?

12 A That is correct.

13 Q Were there any meetings with either Ghorbanifar,
14 Nir, or with the second channel between those two times?

15 A None that I participated in. That I either
16 participated in or knew about.

17 Q So could you describe how this second -- this
18 meeting on the ^{19th}~~20th~~ and 20th of September gets set up and
19 what occurs during the course of that meeting?

20 A This meeting was actually arranged when Second
21 met with [REDACTED] in Brussels; and it was agreed that
22 he would come out [REDACTED] and when he came
23 out, we would arrange to bring him to the United States
24 for discussions.

25 I think he came out on the 12th or 13th of

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m7 1 September and Secord made the arrangements. We flew him
2 over on the 15th or the 16th. We arranged to have him
3 brought in. He stayed out at Seven Corners at the Sheraton,
4 that strange Sheraton that looks like a phallic symbol.
5 That is right across the street from Hakim's offices.

6 We met him in Hakim's offices. This was very
7 interesting because he came with some specific proposals
8 and was obviously trying to find out how much of all the
9 deals that Ghorbanifar had presented to them we were willing
10 to go through with. And spoke frankly about their problems
11 with the war and with the proposed offensive against Iraq
12 but what was important, he made a definitive proposal
13 about how to proceed on normalizing relations between the
14 two countries.

15 Q Do you recall what the proposal was?

16 A There were two. One was he said that if you
17 agree, our side feels that a commission should be formed,
18 we will have four members, you will have four members,
19 that will meet in secret and propose steps that can be
20 taken toward the gradual normalization of relations between
21 the two countries. In order to put a seal on this, he
22 also proposed that we have a meeting at the Under Secretary
23 level and said their Deputy Foreign Minister would attend
24 the meeting.

25 I don't know if it was at that meeting or a

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m8

1 subsequent meeting that he said that they might bring
2 their ambassador in London since he was pretty bright
3 and was one of Rafsanjani's men.

4 Q Who attended this meeting?

5 A There were two meetings on the 19th and 20th.
6 On the American side, it was myself, Ollie North, and
7 Secord. By this time, the first time, Secord is taking --
8 is participating directly in substantive meetings.

9 Q This is the first time since you have been
10 involved?

11 A Really the first time. On the Iranian side of
12 course it is in [REDACTED] but there was another
13 Iranian there who is one of their officers [REDACTED]
14 [REDACTED]

15 Q He was also present?

16 A But he did not participate in most of the
17 discussion.

18 Q Was Hakim present?

19 A He was there but he did not participate in the
20 substantive discussions.

21 Q I just want to make sure I understand what you
22 mean. Was he present for the substantive discussions?

23 A He was there, but he did not take part in the
24 discussions. In other words, we went into a room and
25 talked.

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m9 1 Q Without Hakim?

2 A Ollie's theory was that Hakim could then handle
3 the business end of things such as they wanted.

4 Q By this time -- it struck me that some of the
5 early meetings [REDACTED] attended way back in the
6 spring of '86. By this time he is not attending any
7 meetings. Is there a reason that he's not attending?

8 A No. I guess they decided to let me handle them.
9 We still considered this basically an NSC initiative.

10 Q I wonder if there was a decision about why he
11 wouldn't be there. Particularly with the new channel which
12 seemed to be promising, I wonder if there was discussion
13 about someone else should be brought in?

14 A No.

15 Q There was also a discussion -- actually I inter-
16 rupted you. You told me about the meeting of the 19th.
17 Was the meeting on the 20th in the same place and the
18 same players, substantially?

19 A Yes. It was -- we gave [REDACTED] a
20 briefing on the Soviets on the 20th.

21 Q Is that --

22 A I did that.

23 Q Is that substantially all that happened on the
24 20th?

25 A I think there were some other discussions,

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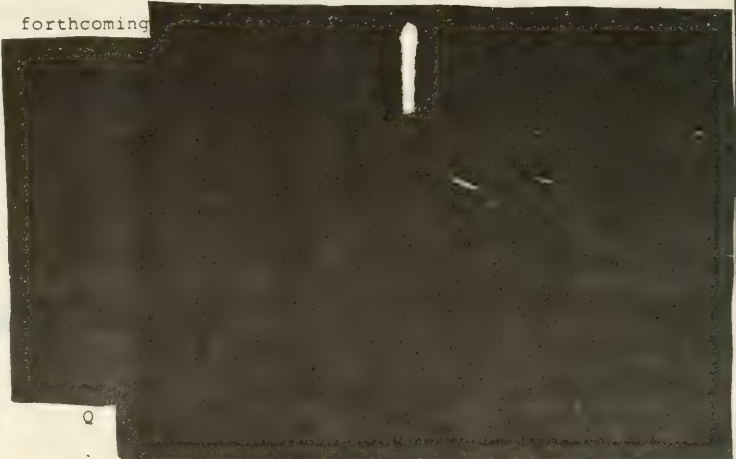
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m10 1 follow-up discussions. Ollie told him that for the time
2 being our side on the commission he proposed would be
3 Secord, myself, and Colonel North. We also discussed
4 possible steps.

5 One of the proposals made was maybe we could
6 open -- take steps in the near future of opening commercial
7 relations, expanding commercial relations between the two
8 countries leading up to maybe active interest sections
9 under our protective powers. Things like that were
10 discussed.

11 It was very positive and [REDACTED] was very
12 forthcoming.



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21 Q

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23 MR. LEON: Did you say McFarlane was there?

24 THE WITNESS: No. McFarlane -- after the Tehran
25 meeting, I did not see McFarlane until we worked on the

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m11 1 President's speech. That was on the 13th of November,
2 1986? Was that the day he made the speech?

3 BY MR. EGGLESTON:

4 Q Yes.

5 A We did a lot of the notes for the speech writers.

6 MR. LEON: Is there any reason why you didn't
7 see McFarlane again?

8 THE WITNESS: I don't know. I don't know whether
9 he decided he didn't want any part of it or what, because
10 I had no contact with him. At one point sometime in the
11 summer, Ollie told me that -- he said McFarlane would like
12 to see you to talk to you again, but it never happened.

13 BY MR. EGGLESTON:

14 Q Had you heard of the second channel? Did you
15 know the person by name prior to the time you had met him?
16 Is this a famous person?

17 A We had heard of [REDACTED] but
18 not him.

19 Q Had you been able to verify that he was indeed
20 a substantial -- had you been able to verify independent
21 of what he said to you that he was a substantial person?

22 A Yes.

23 Q There was also during the course of these
24 conversations some discussion about their military needs?

25 A Oh, yes. That is what I said. One of the

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m12 1 things that he was trying to find out is just what of all
2 the things that they had discussed with Ghorbanifar
3 they might be able to expect that they could get from us.

4 One of the important things that this -- I think
5 it is somewhere in there, it was either at this meeting
6 or the first one in Frankfurt, North emphasized there can
7 be no normalization or resumption of an arms program until
8 there is a resumption of the normalization of relations
9 between the countries. They fully understood that.

10 Q What did you understand him to mean by that?

11 A We would have the resumption of normal diplomatic
12 relations between the two countries.

13 Q Did you also understand that to mean all the
14 hostages had to be released before there would be a
15 resumption?

16 A That would be part of it. But I think by that
17 time -- well, everyone had different views. Having spent
18 my time in the Middle East, I didn't think we were ever
19 going to get all the hostages out. I know a lot about [REDACTED]

20 [REDACTED] They are one of the most
21 independent-minded people in the world.

22 Q So I take it you had real doubts they would
23 respond?

24 A That is what I told Casey when we came back from
25 Tehran. I said I think we will get two out, maybe three,

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.ml3 1 but they would never release all of them until they got some
2 movement on the 17 in Kuwait. And also when we were giving
3 the U.S. position to [REDACTED] about we want all hostages,
4 not only Americans released, [REDACTED] was very
5 concerned. He said because the -- particularly the French
6 hostages, where the captors were demanding release of the
7 Dawa prisoners before there would be much movement on the
8 French hostages.

9 Q Just as a matter of interest, was there a reason
10 he was tying the French hostages so closely to the Dawa?

11 A I don't know except you know what you can surmise
12 that the captors thought there might be more -- the French
13 might be willing to put more pressure on than we were. The
14 French might be more flexible.

15 Q Was there any -- at these meetings on the 19th
16 and 20th of September, was there any specific discussion
17 about delivery of additional weapons? Was there a plan
18 formulated?

19 A There wasn't an outline of a plan. We were
20 prepared -- I think this is the first time we talked about
21 an additional shipment of TOWs in return for the two
22 hostages that were at that time being held.

23 Q There were two left at this time?

24 A Yes. No. There were -- there were three left
25 at that time.

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1 Q That is right. Two had been released and there
2 were five total. Had the additional hostages been seized
3 by this time?

4 A Yes. You will see there is a telephone call
5 where I call [REDACTED] to complain about the --

6 Q The seizure --

7 A This is after they released Jencio. Damn. I
8 can't remember the dates. I remember calling [REDACTED] to
9 complain. You release one and they pick up another one.
10 That is a wash. But I can't remember the exact
11 date of that.

end mas

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1 Q But it is your recollection that after this, in
2 this meeting on the 19th and 20th, there were some
3 discussions about going ahead with an additional shipment
4 of weapons?

5 A Oh, yes.

6 Q Was it your recollection that it related to TOWs.

7 A TOWs is my recollection.

8 Q There is another meeting on October 8 and 10
9 in Frankfurt.

10 A There were other things that happened.

11 Q I was going to blanket it. What happened between
12 that meeting and the meeting that takes place in Frankfurt?

13 A As a result of the steps, I briefed Casey on what
14 had transpired. I ^wrote a memo which you have there. I
15 talked to [REDACTED] In my talks with [REDACTED] I said
16 because of the nature of the promise made by the Iranians--
17 the State Department has to be ^{briefed} ~~informed~~ at sufficient level
18 ~~because~~ because it is becoming a policy issue.

19 He agreed and talked to North on the 22nd of
20 September, with which North agreed. We also agreed we have
21 to look toward sending some intelligence based on these
22 contacts.

23 On the 24th of September, all this is because it looks
24 kind of positive, all this is discussed in a meeting in
25 Poindexter's office in the White House. I can't remember every

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bp

1 one that was there.

2 Q As best you recall?

3 A What we did was go over this. I forget -- I
4 think Casey was there. I was there. But the important
5 thing to me is that toward the end, at the end of the
6 meeting, I talked privately with Poindexter, and reiterated
7 this point; that the State Department had to be brought in.
8 He agreed and said, "I am going to call George Shultz right
9 away."

10 So from that time on, I was under the impression
11 that the State Department was being kept fully apprised by the
12 NSC about what was going on. Because the Iranians were
13 talking about this deputy foreign minister meeting sometime
14 in November. So that is what happened. Everyone seemed --
15 things seemd to be pretty positive. Then we go to the
16 meeting on the 8th -- from the 8th through the 10th of
17 October.

18 At this meeting one of the guys who was -- one of
19 the original four people we talked to in Tehran shows up. He
20 is [REDACTED] We give a brief --
21 [REDACTED] They give us a brief and a huge
22 map of the Iranian military order of battle [REDACTED]

23 [REDACTED]
24 [REDACTED]
25 I also give them a brief on our view of the Iraqi

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1 war [REDACTED]

2 [REDACTED] I think it is at this meeting
3 that they give us the four names of the people proposed
4 for the joint committee, and also complain that we ought
5 to move in along faster. This is the meeting in Frankfurt.

6 Q I take it you and North are the only two participants
7 from the United States in that meeting?

8 A Secord.

9 Q Secord is also present?

10 A Yes and also Hakim is there. Because of the long,
11 drawn-out nature of these, he translates some of the stuff
12 when I am hoarse from translating. So that is in general
13 what transpires at the first meeting.

14 Then there is more talk about -- they had -- at
15 all of these meetings, they emphasized their need.

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED] They talked
25 about other things. They were continually talking about
drone aircraft. There were no commitments made. In fact,

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1 Ollie continually emphasized that we can't have anything
2 regularized until after there is formal regulations.
3 We also got at this -- at the September meeting and the
4 October meeting a lot of the rationale behind why the Iranians
5 were willing to talk to us; telling us about the fact that
6 they realize once the war was over they had to rebuild the
7 country and the only way they could turn was to the West.

8 Also concern about the radical wing in Iran, we got
9 quite a bit of information we had never heard before ~~and~~
10 these things. There is one other thing that was important.
11 Oh, what came out was that on ending the war, in addition to
12 the fact that they had -- they said the rationale behind the
13 final offensive -- this was at the early October meeting --
14 was they felt they had to gain enough territory or enough
15 strategic objectives so that they would be in a very good
16 bargaining point at the end of the war

17 [REDACTED]
18 [REDACTED]
19 The one worry they had was that once the war was
20 over, would the United States resume its arms supply? In
21 other words, they ~~did not~~ want to agree to some sort of
22 negotiated end to the war, and then find out they would not
23 be able to rebuild their military, which they wanted to do
24 with American equipment if at all possible.

25 Q How did Colonel North respond to that? How can you

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1 did you respond to that?

2 A One of the reasons they asked this is that
3 North's position has been, look, there can be no normalization
4 of arms sales with Iran until after the normalization of
5 diplomatic relations. I think he put on as positive a nature
6 as he could by saying it depends on whose administration is
7 in power at the time whenever this happens.

8 Q Let me ask a couple of other questions about this
9 meeting. Is this the meeting to which Colonel North brought
10 the bible?

11 A No. That was in September, I think.

12 Q That was the September meeting?

13 A Yes. Because he took them through the White House.
14 He took him on a tour of the White House. I think he gave
15 the bible there. See, there was a mix up in my testimony
16 to the Senate, because they asked about the cake, and said
17 was there a bible. I said, yes.

18 Then they didn't ask me whether the bible and cake
19 went together.

20 Q The cake was in Tehran?

21 A The cake was in Tehran. The bible came later.

22 Q Do you have a firm recollection about whether the
23 bible came in the United States or whether the bible occurred
24 in Frankfurt?

25 A I am pretty sure it was in the September meeting in

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1 the United States.

2 Q Was there -- were there -- did any money pass at
3 this meeting?

4 A Which meeting?

5 Q At the meeting the 8th to 10th of October?

6 A No. That meeting -- that was what we nailed
7 down. [REDACTED] said, "Okay, I am going to go in via
8 Damascus and make sure on the release of two hostages
9 and we would ship 500 TOWs.

10 Q Was there any discussion about how much the
11 500 TOWs would cost them?

12 A No.

13 Q Was there ever a discussion in your presence about
14 how much they were going to cost?

15 A I never recall any discussion in my presence about
16 what the price to the Iranians would be. I assume that
17 Nir briefed Ghorbanifar not to discuss it with me or
18 something. I never heard any specific pricing on what it was
19 going to cost.

20 Q By this time Nir and Ghorbanifar are out of the
21 picture: is that right? I don't mean out of the picture, but
22 out --

23 A We are discussing with the Iranians. The Iranians
24 at the September meeting that they might get Ghorbanifar back
25 to Tehran on arms business, and then keep him there until
this thing got further along, working on something back in
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1 Tehran. One other -- they even told us they had discussed
2 buying off Ghorbanifar, but Rafsanjani didn't want to do
3 this because if it ever surfaced he had paid off Ghorbanifar,
4 he would be in deep political trouble.

5 So they asked us if we could do anything. We
6 said, "Well, there is not much we can do." So what they --
7 at this early -- I think it was at this October meeting, the
8 early October meeting, [REDACTED] said that what they would
9 do is they would continue to throw some arms business this
10 way to keep him quiet.

11 Q Did you have an understanding --

12 A I never saw Nir -- there was a meeting -- I don't
13 know which came last, whether it was the meeting in Frankfurt
14 or a meeting he attended here. He came here for a terrorist
15 meeting. We had a meeting with him. I can't remember when
16 that was.

17 Q Did you have an understanding as of this meeting
18 in early October about just how the transaction would take
19 place with the TOWs? Because by now it appears to me that
20 you are -- at least as to this transaction -- essentially
21 cut Ghorbanifar out of the loop and maybe Nir with him.

22 A They said they would pay direct.

23 Q Direct from Iran to Secord or direct from Iran to
24 the CIA account?

25 A No. No. No. They would pay -- they would deal with

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1 Hakim.

2 Q So they would pay --

3 A Which I guess is the same as Secord.

4 Q And any recollection of how much the price was?

5 I know I just asked you this.

6 A No. When we talk about the meeting at the end of
7 October, we can get into how that worked.

8 Q Actually I was going to go to that right now.

9 A Okay.

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(Discussion held off the record.)

BY MR. EGGLESTON:

Q Let me ask you, you have a meeting with [REDACTED]

[REDACTED] again, the second channel, as we have been calling him,
in late October?

A That is correct.

Q Did you have any other meetings that were relevant
to this between the end of the meeting in early October
and the meeting in late October?

A Furmark.

Q We will get to Furmark in a second. Could you tell
us where did the meeting take place in late October?

A It was in Mainz.

Q Could you spell that? M-A-I-N-Z. It is right down
the river from Frankfurt.

Q Who was present at that meeting?

A North, myself, Hakim and Secord.

Q From the Iranian side?

A It was [REDACTED] and [REDACTED] wasn't
there at that one.

Q [REDACTED] from --

A The two -- the Iranian in London, the two Iranians
in London came over, but they didn't participate in the
meeting. They were there.

Q What occurred during the course of these conversations

A Well, the key thing was -- there were two key

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1 things. He told us that he had definitely, in talking to
2 the captors, had definitely received a commitment to release
3 one hostage. He asked us if we wanted to name the hostage,
4 and we said no. He said he was pretty sure he could get
5 a second one released. But he would not promise on the
6 second one. He said, "I can't give my word on that. It
7 looks pretty good."

8 He also said there has been some problems. This
9 was the other important thing. He said on the 15th of
10 October, the radical wing distributed leaflets in Tehran
11 outlining McFarlane's visit to Tehran. Oh, incidentally,
12 it took him until then to find out who McFarlane was.
13 They told us when McFarlane was in Tehran, they did not know
14 him. The only one they knew was me. They could not locate
15 Colonel North in the books.

16 Q You, they knew, [REDACTED]
17 Did they think you were leading the delegation?

18 A No. In any case, what he said is that these
19 leaflets had been circulated. He said also on the 26th or
20 the 27th of October, a small rag in the Bekaa Valley --
21 Baalbek -- had published this story. He said as far as we
22 know, no one has picked it up. He warned us the thing was
23 liable to get out. They had arrested a lot of the people in
24 Tehran in the radical faction who were responsible, including
25 the leader of the radical faction.

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1 Q Who were responsible for what?

2 A Leaking the story.

3 Q Okay.

4 A He said that he had brought -- my recollection is
5 that he said he had brought with him a check for \$4 million;

6 [REDACTED]
7 he said, "I can't cash it. I have to turn it over to him."
8 Which he did, and the money appeared in our account, I think,
9 on the 28th -- very soon.

10 So we arranged, while he was there, we arranged
11 to launch the -- the 500 missiles -- Hawks -- not Hawks,
12 TOWs were already in Israel. So we arranged to launch
13 those while he was there. As soon as he had heard that the
14 plane was in the air. He took off to make sure that one --
15 that the hostages would be released.

16 I think I left on the 29th. I am not sure. Got
17 the first plane he could from Geneva.

18 Q Let me ask you about two people whose names come up
19 as being involved in the hostage release around that time.
20 That is Robert Dutton and Rafael Quinteros. Did you know
21 any one of those people?

22 [REDACTED] I was introduced to Dutton, but I didn't know the
23 other guy. Never heard of him.

24 Q To this moment you never heard of him?

25 A No.

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1 Q I am not surprised. I was just curious. Where
2 were you introduced to Dutton?

3 A The meetings we had with [REDACTED] on the
4 19th and 20th were in Secord's office. Dutton was introduced
5 to me there.

6 Q Did you meet Dutton in connection with this meeting
7 in ~~late~~ October?

8 A No.

9 Q And that meeting and the shipment of the TOWs
10 results on the third of November in the release of hostage
11 Jacobsen?

12 A Second of November.

13 Q Is it the second of November? After the meeting
14 when he leaves on the 29th or the 30th, whenever, do you
15 leave and come back to the United States, or do you remain
16 over there?

17 A Yes. I had to clean up a couple of things in
18 Frankfurt and I think I took a day off and saw my grand-
19 children who live in ~~the~~ northern ^{Bavaria.} Then I came
20 back. I can't remember. I think it was a Sunday. Then
21 I came back on Monday.

22 Q After the hostage Jacobsen is released, do you
23 have a conversation -- do you call Tehran or anything?


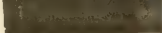
24 A Yes.

25 Q Where were you when you called Tehran?

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- 1 A I think I was back here.
- 2 Q The 30th would have been a Sunday.
- 3 A The 30th of October?
- 4 Q No. I am sorry. The first of November is a
- 5 Saturday. The second is a Sunday.
- 6 A I guess I came home then.
- 7 Q On the second?
- 8 A Maybe I saw them on Saturday and came home on Sunday,
- 9 the second.
- 10 Q Saw your grandchildren?
- 11 A Yes. I think I did.
- 12 Q Where were you when you made the call to Tehran?
- 13 A Back here.
- 14 Q Who did you speak to in Tehran?
- 15 A 
- 16 Q  What was the purpose of that
- 17 conversation?
- 18 A To find out where the hell the other hostage was.
- 19 Q What did he say to you?
- 20 A He said they are still trying, not to lose faith.
- 21 That was the last time I talked to him.
- 22 Q That is the last time you spoke to him. You
- 23 continue, however, to have additional meetings with regard
- 24 to this, don't you?
- 25 A Well, what we did is after this, after everything

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1 comes out in the press on, I guess, the 4th of November. So
2 we have a meeting with [REDACTED] in Geneva.

3 Q This is the same man from Tehran now?

4 A Yes. On 9 through 10 November, or 8-9 November, in
5 which we try to see if anything can be salvaged. I think
6 you have a memo on that.

7 Q I was just going to show it to you.

8 CINN 166. Is that your summary of that meeting?

9 A Yes.

10 Q And who else -- who from the American side, the
11 United States side participates in that meeting?

12 A Secord and North were both there. There is a
13 long -- one of the things -- North took extensive notes,
14 so I only -- when I took notes, I only took notes on mainly
15 things that pertained to me.

16 Q Did North take extensive notes of each of the
17 meetings?

18 A Yes. He was very religious about that. He sent
19 more damned messages back to -- this is why the cowboy thing
20 everything he did, he sent a message back to Poindexter.

21 Q This is why you don't believe the rogue staffer
22 theory?

23 A I find that almost impossible to believe.

24 Q Did he have -- did he usually travel -- you said ^{with a}
25 ~~that~~ 47 or something.

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1 A Yes.

2 Q There is a device called a C.L. 43?

3 A C.L. 43. Excuse me. The reason I say K.Y. 47 is
4 that is a device we had years ago.

5 Q I didn't know if you were talking about a different
6 device or not. Did he travel with that most of the time?

7 A He always had it. He used to drive me nuts
8 because ~~he was~~ ^{Did he} hungry as hell, but he would have to send
9 a message.

10 Q Who did he send it back to?

11 A To Poindexter. Well, back to his office to be
12 taken to Poindexter. Bob Allen was usually on the receiving
13 end.

14 Q What was the upshot of the meeting on the 8 through
15 the 10th? Things are pretty public by now.

16 A In short the Iranians wanted to continue the
17 dialogue, but thought maybe the best thing to do was leave
18 things -- just leave things go for a while until things cool
19 down. They were hopeful that we, on our side, could arrange
20 it so there would be as little not~~ri~~ ^{ty} as possible. Faint
21 hope.

22 This is what you will see is what he gave me about
23 their views on certain aspects of intelligence cooperation.
24 This is mainly what this memo is about. There were long, long-
25 winded discussions about policy and hostages with he, North,

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1 and me translating most of the time and Hakim some of the
2 time.

3 Q Secord was also present at this meeting?

4 A Yes. I did have -- most of what is there is a
5 meeting that I had -- the first page -- alone to discuss
6 this.

7 Q Let me finish out your meetings, go back to
8 Furmark, and then I want to ask you some questions about
9 sort of as these things were breaking. I just want to take
10 you through North's calendar.

11 You continued to have meetings into December; is
12 that right?

13 A The last meeting was on, I think, the 13th of
14 December, but the State Department was involved then.

15 Q Was there a meeting on the 6th of December as
16 well?

17 A I don't know.

18 Q You only remember one meeting in December?

19 A Yes. That is all I recall.

20 Q Who was at the meeting on the 15th?

21 A That was Ambassador Dunbar, myself and [REDACTED]

22 [REDACTED]

23 Q What was the -- where did that take place?

24 A That took place in Frankfurt.

25 Q What was the focus of those discussions?

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1 A It was basically to pass a message to the Iranian
2 side on the State Department's position. That is basically
3 what happened.

4 Q Let's go back and pick up Furmark, or, the
5 Furmark discussions. Sometime in October, you actually meet
6 with Furmark?

7 A Yes. Charlie met with him before, while I was
8 away.

9 Q Is this while you were in -- did he meet with
10 him during your early October -- when you were in --

11 A Yes. Remember I left the States on the 25th
12 or 26th of September with my wife. We didn't get back
13 until about the 12th of October.

14 Q So prior to you actually meeting with Furmark,
15 I take your meeting with Furmark occurred around October 22?

16 A Yes.

17 Q When you return around the 12th of October, what
18 are you told about Charlie's previous meeting?

19 A Charlie gave me his memo that he wrote which
20 basically were his worries, which were also mine. There
21 were too many people that couldn't be controlled involved in
22 this and that the dangers of it surfacing were pretty great.
23 Then also about -- told me a little bit about his conversation
24 with Furmark. And then the director decided after another
25 subsequent call from Furmark to ask Charlie/ and I to go up

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1 and hear him out completely, which was what our ~~brief~~ ^{brief} was.

2 So we went up on the afternoon shuttle on the 22nd of October

3 and had a long dinner with him in New York in which Charlie

4 and I just sat there and listened to him and took notes.

5 Q Just the three of you?

6 A Just the three of us.

7 Q I know there is a memorandum of it, but as best

8 you recall, what was the focus of what he was telling you?

9 A Well, what he did was outline the fact that people

10 unbeknownst to us, people had been involved in this from

11 the beginning, like Khashoggi and that he had known about

12 it from the beginning when the Israelis started it, and then

13 went into his understanding of the financing of the Hawk

14 deal and how it had been arranged and what the dangers were,

15 the fact that two of the creditors were still owed 9--

16 about 9 million dollars.

17 After the meeting was over, Charlie and I called

18 Casey at home and told him -- we didn't tell him much on the

19 phone, but we told him it was very important, that we would

20 get the first shuttle out the following morning and come

21 right to the office to talk to him.

22 The memo that was written for Admiral Poindexter,

23 designed by Charlie -- actually wrote -- both of us

24 wrote a lot of the stuff that is in there, and then I

25 shortly thereafter -- I left on the 23rd or the 24th to go

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1 back to Europe, to make the arrangements for the next round
2 of meetings.

3 Q How many times did you meet with Furmark?

4 A Just that once.

5 Q Just the one occasion. Did you, other than writing
6 this memoranda, have any further involvement in sort of the
7 fall-out from the Furmark meetings prior to the time every-
8 thing comes out and you become involved in November? Did
9 you meet with anyone else? Did you talk to Poindexter
10 yourself?

11 A I don't recall talking to Poindexter. I had
12 a long conversation with Casey about it.

13 Q Was it -- was the point of the conversation the
14 security problems?

15 A Yes. The security problems and that was his main
16 focus about what happen if this surfaced. He had the
17 same worry about Ghorb: far going public.

18 Q Did you regar these conversations with Furmark
19 as in the nature of a threat?

20 A Yes. And also I was more inclined to disregard them
21 than most people. I can't see anyone that is owed \$9 million
22 trying to go to court the way he said he would go to court
23 with any hope of recovering the money. That is why I think
24 the threat to us to see if we could do something.

25 Q Because they knew that what they had on you was

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1 that you needed to keep this thing secret?

2 A Yes.

3 Q The one thing that is explicit in the memoranda
4 at least is that the numbers fairly closely, as I recall, tie
5 in with some of the information that you had received
6 previously in conversations, the asides in Tehran, the
7 figures.

8 A One of the interesting things is that it is the
9 same thing as Ghorbanifar is \$10 million short, thereabouts.
10 Almost exactly. Furmark is -- his suggestion is why don't
11 you let him sell an additional 1,000 TOWs and that will
12 even things up, let him get back in flush again and this is
13 what the Iranians tell us is that they figure they owe him
14 \$10 million, but he owes them a thousand TOWs.

15 Q So it sounded set up to you?

16 A Bells started to go off.

17 Q I really want to know where bells are going off
18 about diversions to Central America? Because what you had
19 heard at least once and Charlie Allen heard in the spring
20 was money might go to Central America. The figures turn out
21 the same. Furmark tells you of all the excess here that he
22 thought was going off to Central America.

23 Did you talk to North about funneling this money?

24 A No. I never talked to North about any funding
25 to the contras. Also, I was far more suspicious of money

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1 going into Khashoggi and Ghorbanifar's pockets at the time
 2 because of the previous knowledge we had of the 22nd
 3 April arrest, his possible involvement in a a sting operation.
 4 The thing that bothers me is that we didn't know how much
 5 Ghorbanifar paid for the equipment.

6 I had no knowledge of that. I mean he raised
 7 15 million bucks supposedly, according to Furmark, but
 8 did he have to raise that much? I don't know. He might
 9 have used some of it for his own purposes.

10 Also the mysterious thing to me is that I know what
 11 the price given to North is. It is over \$6 million. That
 12 includes the 508 TOWs. Now is the money Ghorbanifar is
 13 raising, does it include money for the TOWs or what? Why
 14 is Nir getting \$2 million, according to Furmark?

15 So there is not an awful lot -- all it does is
 16 increase the ~~the~~ ~~the~~ ~~the~~ suspicions and speculations. I
 17 don't know what the hell is happening. But I never in all
 18 of this long thing ever got any piece of factual information
 19 or definite indication that any money was being *diverted*
 20 to the ~~contras~~. *converted*

21 Q I just wondered. Now having learned this, having
 22 heard what you heard in the spring, and I know you have been
 23 asked this before, but you also knew Secord and North were
 24 very heavily involved in Central America.

25 A Yes.

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1 Q They were also the central players, at least
2 as far as you were concerned, in this, the Iranian initiative.
3 I am just wondering if you were ever tempted to go to
4 Ollie and say, "Ollie, you and Dick were the money guys in
5 this operation, and now Furmark is telling us the money
6 went off to Central America." If anybody diverted it there,
7 assuming it was diverted there, if anybody did that, you
8 could assume it was Ollie and Dick.

9 Did you ever ask Ollie this? What is going on?
10 Did you divert the money away?

11 A No. After everything blew up, after about the --
12 I guess I never saw Ollie again after the end of November.

13 Q After he was fired?

14 A Yes. After he was fired --

15 Q You haven't seen him since then?

16 A I haven't seen him since then. So I never asked
17 him about it. I figured that if it was really true, he
18 wouldn't have said anything anyway.

19 Q Did you suspect it might be true?

20 A I hate to put my suspicions out. I had an awful
21 lot of suspicions. The one thing that was obvious was
22 there was an awful lot of money involved here. What happened
23 to it --

24 Q There were a lot of places it might have gone?

25 A Yes. The thing that always -- I could never
understand what the Israeli role in the financing was,

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1 except it is pretty clear they played a role. One of their
2 accounts was used and we -- monies were obviously owed to
3 Nir for something.

4 Q Let me just ask you a few clean-up questions. Then
5 I want to ask you some questions about things in North's
6 calendar you may or may not recall.

7 Have you heard of a ship called the Erria?

8 A Yes.

9 Q You heard of it prior to November 25th of 1986?

10 A Yes. Because at -- I forget whether it was the
11 September meeting-- I didn't take notes on this, I don't
12 thing. The September meeting or the early October meeting,
13 they proposed to give us a mint condition T-72, which
14 they would deliver to us in Bandar Abbass as part of the
15 deal.

16 They also offered to send an I-24, but I don't
17 think we wanted that. This is when I first heard of the ship.
18 It was decided to divert this ship from somewhere, wherever
19 the hell it was, and send it to Bandar Abbass to pick up the
20 tank.

21 Q Did you have any knowledge of whose ship it was?

22 A Yes. Ollie mentioned it was of Danish registration.

23 Q Why did you think he had the ability to divert the
24 ship somewhere?

25 A My understanding was I thought they had possibly

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1 leased it. Something like that.

2 Q In connection with this operation?

3 A No. No. In connection with the contra thing.

4 Q You thought that they leased it, you mean Ollie

5 and Second?

6 A Well, however they --

7 Q Or Hakim or somebody? Was it your impression

8 that when you said it was diverted, it turns out to be a

9 key word in this whole thing --

10 A Wherever it was, I don't recall where it was.

11 Q Let's go to redirected.

12 A Redirected and ordered the ~~gun to~~ sail to Bandar

13 Abbass to pick up the tank.

14 Q Was it your -- I know this is probably ~~very~~
15 vague, and you didn't pay much attention to this, but did you
16 think it was on its way to Central America?

17 A I don't know.

18 Q I guess the question I am asking is what led
19 you to --

20 A No. It was in the Mediterranean.

21 Q What led you to conclude it was connected with the
22 contra operation?

23 A I think Ollie mentioned something about having
24 used it. But I don't recall what the specifics were. I
25 do know when it came up. Second -- it might have been -- it

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1 was either in the September meeting in Washington or the
2 first meeting in Frankfurt in October. Because Second and
3 he were talking about it and they said, "Well, we will just
4 get a boat, go down there and pick it up."

5 I am not so sure I knew the name of it even then.
6 I think I learned about the name after it came out in the
7 press.

8 Q Did you know Tom Clines?

9 A I knew Tom when he was with the agency, yes.
10 Not well.

11 Q Did you know that he had any association with
12 Colonel North during the 1986 time period?

13 A I never saw Tom, but Ollie mentioned him a couple
14 of times.

15 Q Do you recall in what context?

16 A No, not really. He had dealings with Tom. I never
17 got the impression he was directly involved with him on
18 anything.

19 Q Any recollection that Clines might have had
20 anything to do with this ship?

21 A No.

22 Q No connection? Clines -- and I don't want to assume
23 a conclusion you might not share, but it is my general under-
24 standing that Clines' reputation around the agency by this
25 time, whether it was right or wrong, was at least a guy
you ought to be staying away from because he had gotten

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1 into some trouble? Is that a fair --

2 A I don't know. Clines was -- we were never in
3 the same organizations in the agency. I knew him only when
4 he was chief of training, because you had to go through him
5 to get specific types of training that you needed then.
6 I honestly can't answer that, what the basic opinion of
7 the guy is. I imagine there are people that know him that
8 have one opinion.

9 Q Right. That is why I sort of tried to preface it
10 with whether it was justified or not. It was my under-
11 standing that at least he was by that time regarded as
12 somewhat bad news for the agency.

13 A I frankly can't recall ever discussing Clines
14 with anybody.

15 Q Let me ask it this way. Were you surprised to
16 find Ollie had associated with Tom Clines?

17 A I was surprised when he just brought the name up
18 in passing. It was clear that he knew Tom Clines, but
19 not -- I never had any precise knowledge of what he was
20 doing with him.

21 Q And you don't recall it was in connection with
22 the contras as opposed to something else?

23 A No. I thought it was in conjunction with the
24 Libyans, something to do with the Libyans. What it was, I
25 don't know.

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1 Q You knew Clines to have been --

2 A Ollie was doing something with Ghorbanifar about
3 the Libyans, but I never knew what it was.

4 Q I should sit back down. I have one last question
5 before I ask you questions about the calendar. Did Colonel
6 North have a regular relationship with two DEA agents
7 who did some work with him, if you recall, or have any
8 knowledge?

9 A Not that I know of.

10 Q This can go real quickly. I will put in front of
11 you -- I don't have it marked, but it is Colonel North's
12 week-at-a-glance standard government calendar for the year
13 1986. I want to ask you about some things. The
14 things I want to ask you about, I ^{highlighted} in yellow. I don't
15 know that doing it this way you are really going to
16 remember. What I was interested in is Dewey is here. I
17 assume that is Dewey Clarridge. This is September 15.

18 A That may have been a meeting at the agency.

19 Q This would have been about a week or so prior to
20 the meeting with -- the first meeting with [REDACTED]

21 A Yes.

22 Q No specific recollection of what the meeting was
23 about?

24 A Yes. I have no specific recollection. If it was
25 the meeting -- was this a meeting when Nir came to the

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1 states on a -- Nir came to the states on a terrorist thing.
2 We all had a meeting out at the agency. I don't know if it
3 was that specific date or not,

4 Saturday. Yes. I think that is what it was.
5 We had a Saturday meeting.

6 Q With Nir present, was it a meeting in preparation
7 for the --

8 A Yes. We told Nir we had opened up another channel.

9 Q The purpose of this meeting was to discuss the
10 other channel?

11 A Yes. Discuss what we hoped to get out of it and
12 what to do about Ghorbanifar and whether Nir can in any way
13 put pressure on him.

14 Q Was Nir at this point worried that he was getting
15 cut out as well?

16 A I think the Israelis feel that they have a lot
17 at stake in Iran, and that he would certainly want Israeli
18 interest³ to be pursued. This is one of the things that
19 Ollie tried to reassure him about.

20 Q Because in fact as the meetings developed with
21 the Israelis are not present?

22 A Oh, yes. That is one of the first things they
23 said is that they wanted Israeli footprints out of this as
24 completely and as fast as possible.

25 Q [redacted] did?

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1 A Yes. That is -- that is when Nir was in the
2 states on this terrorist thing.

3 Q Here is the week of -- it is Friday, September 19.

4 A That was the meeting with [REDACTED]

5 Q That is --

6 A This is their man who was [REDACTED]
7 [REDACTED]

8 MR. LEON: Who are you pointing to?

9 (Discussion off the record.)

10 BY MR. EGGLESTON:

11 Q I wasn't going to, for these ent^Nies, because they
12 are names we have been calling [REDACTED]

13 Just so the record is clear there is a meeting on
14 the 19th at 11:30 involving Copp, Cave [REDACTED] and
15 the other individual we were just talking about.

16 Here is an -- on Friday -- Monday, September 22nd,
17 Colonel North looks like he has one of those quick trips
18 to London. Did you accompany him on that trip?

19 A No.

20 Q You are listed as having met with him on Tuesday,
21 October 14 at 3:30 in the afternoon. At 4 o'clock it appears
22 Ollie met with the director.

23 Do you have any recollection of this meeting?

24 A Well, I was over there an awful lot to go over
25 things with him and that is probably one where we did a

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1 rehash of the meetings in Frankfurt.

2 Q If you recall, did you participate in the meeting
3 with the director?

4 A (No audible response.)

5 Q On Friday, October 31st, it appears -- well, let
6 me go to Saturday, November 1st. It indicates at 4 o'clock,
7 Colonel North leaves for London. This would have been right
8 after the Frankfurt trip. Did you go -- you didn't go to
9 London with him, did you?

10 A No.

11 Q Do you know why he went to London?

12 A No.

13 Q And --

14 A Might have been to meet Nir. I remember Nir at
15 one meeting we had saying it was easier for him to get to
16 London than it was to get to Frankfurt.

17 Q Similarly he leaves -- when I say he, I am referring
18 to Colonel North, leaves on November 5th for Geneva at 4:45.
19 Did you accompany him on this trip to Geneva?

20 A Yes. I don't think we went on the ~~same~~^u plane.

21 Maybe we did. But that was the trip where we went to see
22 if there was anything to be rescued. It was very difficult,
23 because they had -- in the hotel they had CNN and his picture
24 was on every half an hour. So we had to stay in the room.

25 Q Now we are really up to the time period where --

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1 I am up to Thursday, November 13, which as you remarked earlier,
2 was the day of the President's speech. It appears that you
3 and Secord at approximately 3:15 are present to have a
4 meeting with North. Is that in order to prepare the speech?

5 A No. That came earlier.

6 Q That was earlier?

7 A Yes. What we did at that time is we had this
8 secure voice thing on which I called Tehran.

9 Q What was the purpose of that call?

10 A I wish you hadn't asked that. I have a hard time
11 remembering at the moment. It was we were trying to maintain
12 communications with [REDACTED] We were talking to one of
13 his [REDACTED] This is the guy that I actually
14 amaintained contact with. As I recall, the secure voice
15 didn't work well at all.

16 In fact, I think we left and went out to Dick's
17 house to see if we could work it from there. We couldn't get
18 it any better. It was vice-versa. We tried to do it first
19 at Dick's house, and then came back to the office, because
20 we couldn't do it there. It was just trying to keep the
21 channel open.

22 Q You earlier started to describe that you had had a
23 role in the preparation of the President's speech.

24 A What we did is put together a lot of material for
25 the speech writers. In other words, we put together something

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1 that the speech writers then boiled down into the President's
2 speech.

3 Q By this time, had the preparation of a chronology
4 begun?

5 A I think it had. I forget the dates on the
6 chronology. I worked on the chronology, too, after March 5th.
7 I didn't do anything before March 5th.

8 Q Who all was present and helped to draft the
9 speech? I shouldn't say helped draft it. Who else was
10 present?

11 A McFarlane was there, Howie Teicher, myself, of course
12 Ollie was there. The secretaries were there, and also his
13 deputy, Colonel -- what is his name?

14 Q There were two that worked there, Coy and Earl.

15 Q Earl. I don't think Craig was working on that or
16 on the chronology.

17 Q Was your role in this speech preparation primarily
18 fact-development, I take it?

19 A Yes. Going over -- we were trying to put together
20 everything that happened. I was putting in for my part, my
21 recollections and notes. Fortunately the speech writers
22 threw everything out.

23 Q I was about to comment, but I decided not to.
24 There are almost no facts in the speech. So I am not sure
25 what exact role you played. I hope you didn't work very hard

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1 on it.

2 A We didn't. This may be when we were really working
3 hard on the --

4 Q He is referring to Wednesday, November 19th.
5 Mr. Cave is reflecting an item at 2:15. This was also the
6 day to jog your memory that the President had a press
7 conference.

8 A Yes. I think we also went to -- we also had a
9 meeting with Poindexter on that day.

10 Q It actually looks like it is reflected around
11 3:30 or so.

12 A Because a lot of people came over from, I think,
13 Gates was there and Casey and Clair, George.

14 MR. LEON: [REDACTED]

15 THE WITNESS: [REDACTED] He was there.

16 BY MR. EGGLESTON:

17 Q Who is [REDACTED]

18 A He is sort of the executive director of the DDO's
19 office.

20 Q Was there anybody from -- do you recall was there
21 anybody from the Department of Justice there?

22 A No.

23 Q Chuck Cooper, Ed Meade, [REDACTED] anybody?

24 A No.

25 Q What happened at that meeting?

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1 A This was a meeting in which basically we were
2 discussing what can be preserved, if anything. And how do
3 we handle it. I think things were changing so fast then
4 that you decide on one thing one day and the next day it
5 no longer obtained anyway. But you -- what would happen is
6 would go to these meetings, get all charged up, read the
7 Washington Post the next morning and forget about the
8 meeting.

9 Q One of the things that I recall happening after
10 the press conference or at the press conference is the
11 President was asked about participation of a third country,
12 and I think he initially commented there had been no third
13 country participation and immediately there had to be a
14 correction.

15 Was there any discussion at this meeting about how
16 to handle a third country type question?

17 A There was one thing that disturbed me: the one thing
18 that I recall is that I talked to Ollie about the press
19 conference. He said, "Well, Poindexter and Regan had
20 ^{prepared} ~~prepared~~ the President on questions." I said, "What the hell
21 do they know about it? We should have been in there
22 throwing questions at him. We could have asked far more
23 embarrassing questions than those two." That is the one
24 thing I recall.

25 Nothing much was accomplished in this meeting.

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1 Q On Thursday, November 20, there is an indication
2 at 1:30 that says, "JMP" which stands for Poindexter, DRI,
3 Casey, and Cave had a meeting. Apparently with Ollie. At
4 least it is on ~~his~~ calendar.

5 A I don't think that took place.

6 Q You don't think it took place?

7 A No. It might have taken place out --wait a minute.
8 It might have taken place out at headquarters, because we
9 had a meeting out there to discuss things in preparation
10 for the NSPG meeting, which was on the 24th.

11 Q Right. Well, the next thing that happens is
12 the next day Casey begins to testify. Did you have any role
13 in preparing Casey's testimony? Casey testifies on the
14 21st.

15 A Yes. Is this the SSCI testimony?

16 Q Both. I think he testifies in the morning before
17 HPSCI and in the afternoon before SSCI.

18 A Yes. I did go over some of the things with him
19 and answer questions that he had. I don't recall the
20 specific questions. He asked me something, and I would say
21 here is what happened.

22 Q Was there a prep session where he was bombarded
23 with questions?

24 A No.

25 Q No?

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1 A Not that I recall. He always felt very confident
2 when he came up on the hill.

3 Q He didn't feel the need for these prep sessions?

4 A No.

5 Q Did -- I take it the first that you had learned
6 that there was a suggestion of a diversion was about noon
7 on the 25th during the course of the press conference?
8 I don't mean suggestion. Obviously, you had some thoughts,
9 but did you know--

10 A I was getting to be pretty suspicious that maybe,
11 but -- by that time. In fact, when Meese made his statement
12 I couldn't believe it because going back in my mind, I
13 didn't see where they could have found that much money; not
14 when you are dealing with people like Ghorbanifar and Khashoggi
15 They were not going to let you get away with that much money.

16 Q So your reaction was the amounts -- it was possible,
17 but the amounts were too large?

18 A Yes.

19 Q Did you at any time during this sort of two-week
20 time period in late November discuss with Ollie whether or
21 not there might have been a diversion?

22 A No.

23 Q And do you recall when the last time was that you
24 talked to North?

25 A I talked to him sometime around Christmas. He just

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1 called to wish me a merry Christmas.

2 Q He called you?

3 A I think it was that way. I called him once, then
4 right after New Year's, asked him how he was. That was all.
5 We didn't talk about anything.

6 Q Mr. Cave, I think I have exhausted myself, if
7 not you. I thank you for answering all these questions.

8 THE WITNESS: I am getting my second wind. Can
9 I get a drink of water?

10 (Recess.)

11 EXAMINATION

12 BY MR. LEON:

13 Q I just have some questions. I hate to have to
14 bring you back to events you have already covered, but
15 there were certain questions that occurred to me as you were
16 going along I would like to ask you about. Bear with me,
17 if you will.

18 I tried to note them on my note pad here. I noticed
19 in Mr. North's calendar on April 18, which was shortly
20 after you got involved in all of this -- maybe the 24th.
21 Wrong date. Excuse me. April 24th. It was a Thursday.
22 There was a meeting supposedly between you and Ollie North
23 and a person named [REDACTED]

24 A [REDACTED]

25 Q And [REDACTED] Do you recall that meeting, and

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1 if so, what was -- what was the purpose of it?

2 A I think that was -- we had gotten additional
3 information. Remember, there was still the possibility that
4 Ollie North and I would go in with Ghorbanifar separately.

5 Q Yes.

6 A The agency was pretty negative on that.

7 Q About?

8 A About us going in separately ahead of time.

9 Q Why was that? For security reasons?

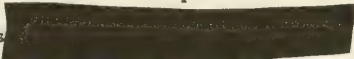
10 A Yes. We didn't know what we were getting into.
11 We weren't certain what we were going to get into. It
12 was a kind of reluctance. I thought it was a pretty good
13 idea.

14 Q Who in particular at the agency was -- was Mr.
15 Casey having an opinion on that subject?

16 A No. But Clair George had a very negative opinion
17 on that. Also, I think we had pretty much ~~at~~ that time
18 finalized what we would be able to obtain of the Hawk spares.
19 That was part of the discussion.

20 Q What was that? What had you concluded?

21 A We were able to say here is the finalized list
22 of what we would be able to ship.

23 Q Who is 

24 A He is the assistant deputy director for operations.

25 Q Who would he have reported to at that time?

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1 A Clair/ George.

2 Q When was it that you first realized that McFarlane
3 would be going along to Tehran? Would it **have been** after
4 this date?

5 A I think it was before this date. It was sometime
6 after we came back from the March visit that North told me
7 that McFarlane -- if the group went, there would be McFarlane.
8 It is pretty soon after we came back from Paris.

9 Q What was the reason for why McFarlane would be
10 going at all. He was no longer a member of the U.S.
11 Government?

12 A I think they wanted it this way.

13 Q Who is they?

14 A The NSC. They wanted to send someone of great
15 stature, but who was not a U.S. official. In other words,
16 it would have been one thing to send a current serving
17 senior official, and another thing to send one who is
18 basically a private citizen.

19 Q Was anybody else considered, private citizen?

20 ~~A~~ Not that I know. I don't know.

21 Q Did you meet and talk to McFarlane about his
22 going at any point?

23 A Yes. We had one meeting. I had one meeting with
24 him before we went.

25 Q Was that the one at his office?

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1 A Yes. The one at his office.

2 Q That you mentioned? Who was it, if you can
3 recall? Who was also there?

4 A [REDACTED] and I went down to see him.

5 Q What was the agency's attitude at that time about
6 sending a former national security adviser to the President
7 to a place where if he was captured in light of what had
8 happened to our chief of station in Lebanon, might be in a
9 position where secrets might become jeopardized?

10 A That is true. There was a lot of soul-searching
11 and hand-massaging over the whole thing.

12 Q By who?

13 A Casey was very concerned. Clair George was
14 extremely concerned. As things began to unfold and I learned
15 more and more, I had some concerns, but I thought knowing
16 what I know about Iran and Iranians, I thought we could get
17 in and out all right.

18 Q Was it viewed by Casey as a great risk?

19 A Considerable risk. In fact, as I mentioned to you,
20 he put it up to me whether we go or not.

21 Q What was North's attitude with respect to the risk
22 dimension of it?

23 A I don't think Colonel North ever considers risk in
24 anything. He is a -- very forward -- a very forward leaning,
25 full of initiative.

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1 Q What was your assessment of McFarlane's version of
2 the risk, or assessment of risk?

3 A Well, he was going at the behest of the President.
4 He is a good American. He will do whatever the commander
5 in chief tells him to do.

6 Q Did you have any reason to believe the President
7 has contacted him about it?

8 A My understanding was, yes, he was going at the
9 behest of the President.

10 Q Do you have any knowledge of whether he met with
11 the President to discuss this?

12 A I think there was reference to a meeting shortly
13 before we left, yes. I can't swear to that.

14 Q No. I understand. Did North ever represent to you--

15 A Yes. I thought that he and Colonel North met
16 with the President shortly before we left.

17 Q In March of 1986, shortly after you got involved,
18 brought into the picture, the hundred-million-dollar vote
19 on the contras took place.

20 I don't know if you can recall that, but it was a
21 major legislative effort. Wednesday, March 19 was the vote.
22 It was a major legislative push on contra aid. Can you recall
23 any discussions with Colonel North regarding his efforts on
24 the vote either before or after it was successful?

25 A We had -- there were meetings that had to be

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1 rescheduled because he was working hard on the vote. That
2 is about my basic recollection. He was working around the
3 clock on the vote, that I know.

4 Q Did he express to you that -- anything about the
5 state of affairs of the contras at that time in terms of
6 their funding and supplies?

7 A No.

8 Q Any indication they were in bad need of money for
9 weapons and arms?

10 A I don't recall any specific thing that he said.
11 We never really talked about the contras very much. I
12 mean, you can't be around Ollie without knowing it is one
13 of his overriding interests, but, you know, as far as I am
14 concerned, Latin America is on the moon.

15 Q I take it that you are right about it, you can't
16 be around him much that it doesn't come up, but how does
17 it come up? Does he just spontaneously start talking?

18 A No. When it comes up, in questions like -- I went
19 to his office once. There was a priest there. He just
20 said --

21 Q Father *Douling?* ~~Donlin?~~

22 A I forget the guy's name. He introduced me to
23 him. He said in passing he is the priest for the contras.
24 He was in his office once. Things like that would happen.
25 He would never go into any great detail.

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#5AA

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1 Q On May 9th, there was a meeting, according to
2 Mr. North's calendar, with yourself, Clair George, [REDACTED]
3 [REDACTED] and [REDACTED]

4 A There's something wrong.

5 Q Any recollection of that?

6 A We were in London on May 9.

7 Q May 6?

8 A He left to come back. He might have met with
9 someone that I wasn't at the meeting.

10 Q So far as you can recall, you didn't meet
11 with him on May 9, Friday, May 9?

12 A He left -- that is when we were in London
13 holding the meetings with Ghorbanifar, the 7th and 8th.
14 I don't think I came back until the 10th. He came back
15 early. So --

16 Q Would it be possible that [REDACTED] was there, at
17 least in the states or in Washington, [REDACTED] Clair
18 George?

19 A Yes.

20 Q So you didn't attend any meeting?

21 A I don't recall any meeting. I don't think
22 I got back until the 10th. I came back from London
23 on the afternoon flight.

24 Q On May 13, there appears to be a meeting between
25 you and North and a [REDACTED] That is on

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1 his calendar. That's how it looks. I could be misreading.

2 Does it ring any bells at all?

3 A None. None whatsoever. [REDACTED]

4 Q At 2:00. Looks like [REDACTED]

5 A Are you sure that's me?

6 MR. PEARLINE: It doesn't look like his name
7 there.

8 THE WITNESS: Looks like National something.
9 Oh, up above it. Oh, 1:30. That is probably -- I was
10 over at Ollie's after this thing started to get moving
11 quite frequently, just to talk to him briefly on various
12 things. I'm sure this had to do with the upcoming trip to
13 Tehran. We had several meetings. Probably other meetings
14 aren't even listed on here.

15 I saw him very frequently during that period
16 after we got back from London and before we went to
17 Tehran.

18 BY MR. LEON:

19 Q Okay. You don't know anyone named [REDACTED]
20 [REDACTED]

21 A No.

22 Q How about someone named Oakley?

23 A Oh, yes. Oakley is the State Department's --
24 the head of what -- their ambassador for counterterrorism
25 at that time. But he wasn't involved. What is the date

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1 on that?

2 Q Well, let's see. May 22nd.

3 A He was probably seeing Oakley on terrorism
4 matters.

5 Q Then after that he met a [REDACTED]

6 [REDACTED] Do you know him?

7 A [REDACTED]

8 Q [REDACTED]

9 A [REDACTED] No.

10 Q Then a Colonel Zur?

11 A Colonel Nir?

12 Q No. Looks like Z-u-r.

13 A No.

14 Q [REDACTED]

15 A No. Don't ring any bells with me.

16 Q When you were in Iran and they told you the
17 first [REDACTED] that they were pretty sure they could get two
18 hostages out, but they weren't certain, and it started to
19 appear to you that they didn't have as much control over
20 the kidnappers as you thought they might have, did you
21 feel it was a set-up?

22 A No. [REDACTED]

23 [REDACTED] there's two different ~~Shiite~~ *Shiites*
24 communities in Lebanon. There is the ~~Shiite~~ *Shiites* of the Bekaa
25 Valley and the ~~Shiite~~ *Shiites* of the south. The guys in the Bekaa

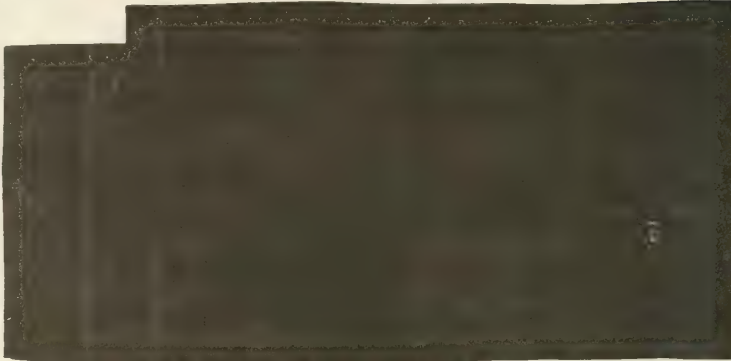
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1 Valley are pretty fiercely independent.



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10 I have always been skeptical of the [redacted]
11 positions on control -- on Iranian control over the hostage
12 takers for that reason. This was fortified when we got to
13 Tehran.

14 But I did believe that they had enough influence
15 where they could get two released, which they ^{did} ~~not~~. I
16 thought we were getting closer to the truth in the matter.
17 This is the position I took with Casey when we got back.

18 Q What did you feel [redacted] situation was at
19 that time when you learned there were going to be trouble
20 getting two hostages out?

21 A He was very worried. He was responsible for
22 us coming in and for us to leave without anything
23 happening would not redound to his political benefit.

24 Q Was it your sense that he was -- that he felt
25 betrayed or that he was in some way duped?

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1 A He was very mad at -- along with the other
2 witness, ~~Mr.~~ Ghorbanifar. When they started showing me these
3 letters Ghorbanifar had written, you know, he was mad. I
4 We said, Don't blame it on us; it is not a U.S. Government
5 position; it is a Ghorbanifar position. We will tell you
6 what our position is.

7 Q Did you have any sense at the outset of this
8 operation, Mr. Cave, that while it was an NSC operation,
9 as you pointed out, that State and the Department of
10 Defense had been specifically excluded from knowing about
11 it?

12 A Not the Department of Defense. The Department
13 of Defense played a role in this. There were several
14 people in the Department of Defense who were briefed.

15 
16
17 I found it odd that State didn't get it. Was
18 cut out. That was a decision made by the NSC. Charlie
19 Allen was specifically told to limit dissemination.

20 Q Do you know who told him that?

21 A Yes. That came from the NSC. Came from
22 Poindexter's office.

23 Q And did Charlie tell you that himself?

24 A Oh, yes. But ~~the~~ McFarlane swore that he
25 kept the Secretary of State fully briefed on everything

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1 that transpired up to the time -- while he was --

2 Q Up to the May trip?

3 A Up until the time that he left, resigned.

4 Q Okay.

5 A You know, as I told you, I talked to Poindexter
6 on the specific subject only the 24th of September and he
7 told me that he was going to call Secretary Shultz
8 immediately and brief him.

9 Q You don't know if that ever happened?

10 A I don't know. From that point on, my assumption
11 was that State was fully aware of what was transpiring.

12 Q Do you know a Colonel named Moshe, M-o-s-h-e,
13 Zur, Z-u-r?

14 A No.

15 Q Do you know about his meeting with North on
16 July 10?

17 A No.

18 Q On the July 17 meeting you testified to before,
19 on Colonel North's calendar, there is a person referred
20 to as Abe. Would that be Hakim?

21 A Hakim, yes.

22 Q When you were in Frankfurt, on July 27, around
23 that time frame, were you aware of any efforts on the
24 part of North to contact the Vice President?

25 A No. The only time the Vice President came up

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1 that I can recall is when he was in Tel Aviv. I don't
2 know if that occurred at that time.

3 What he wanted was for Nir to be able to see the
4 Vice President, present his case.

5 Q What was your understanding as to the reasons
6 why North was trying to set up a meeting between Nir and
7 the Vice President?

8 A I don't fully know. I never saw a memorandum
9 of the meeting after it took place.

10 Q Were you told by either Nir or North before
11 the meeting took place between the Vice President and Nir
12 that they were trying to set it up?

13 A Yes. I was aware they were trying to set up the
14 meeting.

15 Q Was it your impression they were trying to
16 set it up in order to have Nir enlist the support of the
17 Vice President?

18 A That was my -- yes. That was my understanding.

19 Q To keep this operation going?

20 A To keep the thing going. Because of the fact
21 we were getting Jenco, I guess it was at that time. But
22 I never saw any result of the meeting. I never saw a
23 memorandum based on it.

24 Q Did either North or Nir ever comment to you
25 later how that meeting went?

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1 A I don't recall any specific comments, no.

2 Q Were you aware of North trying to have the
3 Vice President meet with Jenco in Frankfurt?

4 A No. I sort of stayed out of the hostage -- I
5 was never involved in any of the briefings or anything
6 like that. And specifically asked to be kept out of it.

7 Q Do you have any knowledge of a \$7 million deposit
8 being made into a numbered Swiss account on September 26,
9 1986?

10 A No.

11 Q By Nir or anybody else?

12 A No. September 26?

13 Q Yes. So far as you knew, on September 26,
14 there was no definite understanding as to another ship-
15 ment to be made in the future; was there?

16 A No. We had agreed that we would consider, and
17 [REDACTED] said okay, he is going to look to make sure
18 they can get the hostages released. That is where, as
19 far as I was concerned, it was left. We didn't get into
20 the more detailed discussion until the Frankfurt meeting.

21 Q You went to Geneva with North, what, at least
22 once?

23 A We had the meeting in November. Meeting in
24 November, yes.

25 Q Did you ever meet a person in Geneva named

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1 William Zucker?

2 A No.

3 Q Did you know him?

4 A I knew who he was. I think he was in some way
5 associated with Hakim in business.

6 Q What else do you know about him, if you know
7 anything?

8 A Nothing. He's a Swiss national, I gather.

9 Q Do you have any knowledge of him providing
10 money to Colonel Dutton at any time in relationship to
11 the shipment of arms in October?

12 A No. I think the only reason I knew who he was
13 is we came down to the lobby, and Hakim was talking to a
14 man and I think it was -- Ollie said, That's William
15 Zucker. That's my knowledge of him.

16 Q That was where?

17 A This was in Geneva.

18 Q Do you know where it was? In a hotel?

19 A In the Intercon Hotel.

20 Q When you were in Switzerland, do you have any
21 knowledge of North or anybody on his behalf trying to
22 contact the ambassador, Faith Whittles ^{off}

23 A No.

24 Q Have you ever heard her name come up in the
25 context --

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1 A What was her name again?

2 Q Faith Whittlesey, ambassador to Switzerland.

3 A No.

4 Q You talked earlier about the first meeting
5 where Secord was present and directly involved in what
6 you considered to be a substantive discussion with the
7 second channel.

8 Were you surprised to see him present at that
9 meeting?

10 A Well, I consider myself an experienced operations
11 officer. It is always a mistake to mix apples and oranges.
12 But I think that the rationale for it is Colonel North.
13 relied heavily on General Secord. He really thought
14 highly of him.

15 My understanding is that Secord at one point
16 saved his life. I don't know if that's an apocryphal
17 story or not.

18 Q Do you have any more facts about that story?

19 A No. I just heard when they were both in
20 Vietnam, Secord saved his life. Whether it is true or
21 not, I don't know.

22 Q How about Dutton? Had you heard anything about
23 Dutton's relationship to Secord and North?

24 A The only point where that ever came up was
25 when we were having the meetings in Hakim's offices out

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1 at Seven Corners.

2 Dutton was introduced to me. And after a long
3 session, was kindly obliged ⁱⁿ by mixing a martini.

4 I think Dick Secord said that Dutton had been
5 in Iran [REDACTED]

6 Q He worked for Secord in Iran?

7 A In Iran, right.

8 Q But you had never met him [REDACTED]
9 [REDACTED]

10 A No. I think I had actually been -- the same
11 day when I first went out there, Hakim introduced me to
12 Dutton, said he was one of his best employees.

13 Q At one point Mr. Eggleston was asking you
14 questions about the September 22nd through September 24th
15 time frame.

16 A Yes.

17 Q On the 22nd, I believe you were talking about
18 a meeting between North and Casey. Then on the 24th,
19 it was a meeting between Poindexter, Casey, yourself, and
20 [REDACTED]

21 A I think Clair George was also there.

22 Q Clair George? That was on that occasion that
23 Poindexter said, I am going to call Shultz right away?

24 A I specifically brought that up with him, because
25 we had already -- I had brought it up with [REDACTED]

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1 who brought it up with Colonel North, who said, Yes, he
2 should be brought in.

3 I emphasized that point with Poindexter at the
4 24th September meeting. His response was, I'm going to
5 call Secretary Shultz right away.

6 Q And these discussions concerned the hostages
7 being released and the second channel?

8 A Basically the second channel. It looked very
9 promising.

10 Q Between North's discussion with Casey on the
11 22nd, which was a Monday, and on the 24th when there was
12 the meeting with Casey, yourself [REDACTED] and Poindexter,
13 North flew to London the 23rd, in between those two days.
14 Did you go with him to London?

15 A No.

16 Q Do you know why he went to London?

17 A No.

18 Q Do you know anyone who might have gone with
19 him?

20 A I don't know, no.

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1 Q On October 9th, North's calendar indicates he
2 met with a person. I would like to know if you know who
3 this is -- Bahman Maalizadeh.

4 A Yes.

5 Q B-A-H-M-A-N --

6 A He works here.

7 Q -- is the first name. The second is M-A-A-L-I-Z-
8 A-D-E-H.

9 A Maalizadeh. He works for Senator Helms.

10 Q He does?

11 A I don't know him personally.

12 Q You don't know why they met or what happened
13 at the meeting?

14 A I don't recall Ollie ever saying anything about
15 it.

16 Q Mr. Eggleston asked you about the 14th of
17 October. That was the day where you are penciled in at a
18 meeting at 4:30 and the DCI at 4:00 o'clock.

19 I couldn't recall if he asked if you were there
20 when Mr. Casey appeared or not?

21 A What is the date of that meeting?

22 Q October 14. It was a Tuesday. Supposedly, there
23 was a meeting at 4:00 o'clock with Casey, Paul Hanley,
24 Syria Terr -- T-E-R-R -- and Britt Threat -- T-H-R-E-A-T --
25 in the White House situation room.

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1 A I wasn't at that meeting, no.

2 Q You weren't at that meeting?

3 A No.

4 Q Did you go with North on the 22nd, Wednesday,
5 October 22nd, to Geneva?

6 A No.

7 Q You didn't go on that trip with him?

8 Have you ever heard of a person named Mark Dupris --
9 D-U-P-R-I-S?

10 A Mark Dupris?

11 Q Yes.

12 A The only Dupris I know is the guy that is the
13 expert on Afghanistan, but his name isn't Mark.

14 Q How about on his calendar for that day in
15 Geneva? He is supposed to meet with [REDACTED]

16 [REDACTED] Have you ever heard of that?

17 A Who?

18 Q [REDACTED]

19 A Sounds like an organization DDI would use.

20 No, never heard of it.

21 Q How about a person named Gerald Keilson? K-E-I-L-
22 S-O-N.

23 A No.

24 Q On November 19, Mr. Eggleston asked you about your
25 meetings that day with Ollie and [REDACTED] and then, of

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1 course, there was the DOJ meeting at 4:00 o'clock with
2 Casey and Gates.

3 On North's calendar, you were scheduled to arrive
4 at 2:15 and the meeting with the whole group to go over the
5 DOJ preparation wasn't until 4:00.

6 Can you recall, first of all, whether you did meet
7 with him for an hour and a half before that meeting?

8 A I think we were working on the chronology. The
9 speech was on the 13th, right? November 13th?

10 Q That was the speech. The press conference was
11 that night, the 19th.

12 A We were working on the chronology, I believe,
13 that day. I am pretty sure. There was one day we spent
14 a whole long time working on the chronology.

15 Q I think you told Mr. Eggleston that on the 24th,
16 that even though you are scheduled here for a meeting at
17 North's office with Casey, yourself and Poindexter and North,
18 that you don't recall it taking place.

19 A The 24th of November?

20 Q Right. The day before Ollie was discharged.

21 A No, I don't think so. On the 24th of November,
22 I went from the agency with Casey to the NSPG meeting.

23 Q Which was that afternoon?

24 A That afternoon.

25 Q So, were you out at the agency that day?

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1 A Yes.

2 Q Were you aware that if Furmark met with Casey
3 that day at the agency?

4 A I think so.

5 Q Do you know what time the meeting was?

6 A Was it that day?

7 Q That is what I am asking you.

8 A He came -- one of those days, but I thought he
9 came late at night.

10 Q I believe they met the 24th.

11 A There was one day -- I was told to stay --
12 Furmark was coming in. Casey's old executive office director
13 up there said Furmark was coming in. I can't remember
14 whether it was the 24th or not.

15 Q Did you say Casey's office director?

16 A Yes. He has an executive director, McCullough.

17 Q Tell us what he said to you.

18 A I was talking to him about we were doing our own
19 chronology, getting ready for subsequent testimony, and he
20 mentioned to me that Furmark is coming in. I guess it was
21 that afternoon. Maybe it was that afternoon. I saw
22 Furmark, but he didn't see me.

23 Q What happened?

24 A I can't swear to the date.

25 Q You remember going with Casey to the NSPG meeting?

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1 A Yes.

2 Q So, you remember being at the agency on the 24th?

3 A That is right.

4 Q You remember seeing him at the agency, Furmark?

5 A I can't swear it was on the 24th. I remember
6 seeing him some time in those days there.

7 Q Did the director ever mention to you his meeting
8 with Furmark that day?

9 A I don't recall him specifically saying anything
10 about that visit. I don't think he called me in. He
11 might have talked to Gates and Charlie Allen about it, but
12 I don't think he specifically called me in to brief me on
13 what Furmark had said.

14 Q Let's follow it through a second.

15 If you did go with the director to the NSPG meeting
16 from Langley and he had already met with Furmark and they
17 had discussed the events that you have previously recounted,
18 wouldn't it be likely that the director would bring it to
19 your attention that he had met with Furmark?

20 A He did not on that trip. On that trip we were
21 going over his opening statements he was going to make to the
22 NSPG meeting.

23 Q But you do recall seeing Furmark out there?

24 A I recall seeing Furmark during that period of time.
25 I can't swear it was on the 24th. I know I saw him coming

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1 to visit Casey.

2 Q Were you at Langley the next day?

3 A I don't know. I don't go in unless I have
4 something specifically to do. I would rather play golf.
5 I am not trying to mislead you. I just don't recall --
6 I recall seeing Furmark going into Casey's office when
7 I was talking to Jim McCullough. But I don't recall a
8 specific date.

9 Q Do you have any recollection of Casey every
10 telling you after that time period that he had met with
11 Furmark and Furmark again had made accusations that Khashoggi
12 was being --

13 A I recall there was one period after that that he
14 said that he was very much concerned because according to
15 Furmark, these people were going to bring a case, were
16 going to file a -- file suit in New York.

17 Q And did Casey ever mention to you calling
18 Chuck Cooper at the Department of Justice about that
19 meeting?

20 A No.

21 MR. LEON: Thank you very much. It was nice
22 meeting you, Mr. Cave.

23 I have to run to something else.

24 MR. VAN CLEVE: For the record, to introduce
25 myself, I am George Van Cleve. I am Chief Minority Counsel

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1 with the House committee. I have not been able to
2 attend except for a short period the earlier course of the
3 deposition. I am going to try not to go over ground you have
4 already been asked about. There may be one or two places
5 where I do that. It is unintentional. I am not trying
6 to get you to give me a different version of something you
7 have already talked about.

8
9 EXAMINATION BY MR. VAN CLEVE, COUNSEL FOR THE HOUSE SELECT
10 COMMITTEE

11
12 BY MR. VAN CLEVE:

13 Q I have a couple of, I guess, specific factual
14 questions. Let me just try to get into them in a reasonable
15 sort of chronological order.

16 As far as I know, based on your prior testimony
17 before us today and on prior occasions, you were not
18 involved in any way in the November 1985 shipment of Hawks;
19 is that correct?

20 A That is correct.

21 Q At any time during 1986, did any of the
22 participants in these transactions describe the November 1985
23 shipment of Hawks to you?

24 A Charlie Allen did.

25 Q If so, what did he say about it?

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1 A It was mainly after the fact. One of the big
2 concerns is when these things arrive in Israel -- in Tehran,
3 the Star of David was on nine of the 18 ~~Hawks~~, and the fact
4 that the Iranians didn't accept them, they were the wrong
5 models. They had to be picked up and returned subsequently
6 to Israel.

7 But I was unaware of any detailed -- I ~~knew~~ no
8 details about either the September or November shipment
9 until after everything came out.

10 Q When you say "everything came out," you mean
11 the disclosure?

12 A The disclosures.

13 Q Your conversation with Allen actually took place
14 after those disclosures?

15 A No. It actually took place -- the revelations
16 in the press hadn't occurred, but I was told -- when I was
17 briefed in, I was told there had been a shipment in
18 September of 500 TOWs by the Israelies and that in November
19 the NSC had arranged for -- with Israel for the shipment
20 of 18 Hawk missiles, but I -- no great details. I never
21 bothered reading anything on it.

22 Q This is the conversation with Allen you were just
23 referring to?

24 A Allen, and also mentioned it to me
25 when he briefed me in.

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1 Q Can you recall anything else they might have
2 said to you at that time about the November shipment?

3 A Just that we played a role in using our
4 proprietary to ship it in. An attempt by the Israelis
5 to ship it via [REDACTED] had failed.

6 But I was not interested in any details, anyway.
7 That was past history.

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#3A
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1 Q I understand. But it occurs to me when you were
2 being briefed into what is obviously a fairly complex and
3 relatively sensitive covert program, that knowing something
4 about the prior history is of considerable use.

5 Would I be mistaken in that opinion?

6 A Well, the agency's involvement was -- there was no
7 agency involvement in the September shipment, and the only
8 involvement we had in the November shipment, to my knowledge,
9 anyway, is our proprietary was used.

10 We were told we were shipping oil field equipment.

11 Q Were you told that at the time?

12 A At the time I was briefed? Yes, we were told this
13 was oil field equipment we were shipping in.

14 Q Can you remember in any greater detail precisely
15 what you were told on that subject when you were briefed
16 in this, I guess, March of 1986?

17 A The only thing I can recall being told is the
18 first instance that we got involved was when we were asked
19 by North to arrange for clearance for a flight that didn't
20 go through.

21 Then we were asked by North if we would supply
22 a reliable airline to fly some cargo for humanitarian
23 purposes. The cargo was described as being oil field
24 equipment, and the problem evolved when the crew, after the
25 stuff was loaded on the plane, took off, determined that it

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1 wasn't oil field equipment they were carrying.

2 They were -- I think the crew thought it was
3 artillery.

4 Q Do you recall --

5 A But that was about the end of my -- the brief.

6 Q You don't recall anything else that you were told
7 about the prior negotiations?

8 A On using our proprietary?

9 Q More generally, about the nature of the shipments,
10 who had been involved, stuff like that?

11 A No. The only ~~request~~ ^{promise} that came out in it is this
12 was a request by North that was made, I think, first to
13 Dewey Clarridge. I am not absolutely certain of that.

14 Then it went up to the ADDO's office, and John
15 McMahon got involved in it, and eventually they were given
16 the name of the proprietary and we contacted the proprietary
17 to expect to be contacted to haul a cargo to Tehran.

18 But that is about the limit of my knowledge.

19 Of course, the problem comes out here -- a lot
20 comes out in the press afterwards. You have a hard time
21 separating what you learn after reading the Tower Commission
22 report from what you were briefed at the time.

23 Q I know this is a subject that has been covered
24 earlier today, but I do have a couple of additional
25 questions about it.

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1 Could you explain as precisely as you can why it
2 was that Colonel North and whoever else might have
3 accompanied him -- you, for example -- did not go to Tehran
4 for preparatory meetings prior to the trip in May of 1986?

5 A I think it was just simply because it was ruled
6 out at a higher level.

7 Q On what basis?

8 A I honestly can't answer that. Too risky, I guess.
9 I gather at the NSC there was a lot of concern about what
10 might happen. The only word I got back on it from North is
11 that we can't go.

12 Q Were you aware that consideration had been given
13 to alternative sites for the Tehran meetings?

14 A Oh, yes. Kish Island was the first one.

15 Q What is your understanding of why the United
16 States agreed to hold the meetings in Tehran?

17 A Because the Iranians claimed it was the only
18 place they could reasonably hold them where they could have
19 the security and where they can maintain the operational
20 security and we wouldn't raise that much curiosity.

21 They said Kish Island was impossible because the
22 desalinization plant had broken down and the runway had not
23 been used in years.

24 We suggested as an alternative Bandar Abbass.
25 They said we would stand out like sore thumbs and the only

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1 logical alternative was for us to first come to Tehran.

2 Q Were you aware that at least some of the American
3 participants in these transactions regarded Kish Island
4 as the preferred site for the meetings?

5 A Yes. I preferred ~~them~~ ^{them}

6 Q For security reasons?

7 A Yes, I regard it as a preferred site. [REDACTED]
8 [REDACTED]

9 Q Did the justification given by the Iranians for
10 not wanting to use Kish Island -- I don't want to characterize
11 it, but at the same time, did it seem like a reasonable --
12 justification or is it the case the United States simply
13 acceded to their requests that these be held in Tehran despite
14 the risks?

15 A I didn't think the justification was -- had any
16 merit that the Iranians gave us for moving the site.
17 I thought it could have been done on Kish Island. They didn't
18 really raise much in the way of objections. We had every
19 reason to believe that that runway was serviceable.

20 But the decision was made to go ahead with their
21 demands that we come to Tehran.

22 Q Can you say specifically who made that decision?

23 A No, I can't.

24 Q In your view, based on what you know about the
25 level of responsibility, could Colonel North have made that

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1 type of decision?

2 A I can't believe -- it would have had to go higher
3 than him.

4 Q As I understand it, when Mr. McFarlane arrived in
5 Tehran -- let me back up and try one other sort of related
6 subject first.

7 You said that it is your understanding that the
8 reason that there was no preparatory meetings in Tehran
9 itself was concern over the security risks that are
10 entailed.

11 Isn't it the case that the security risks from
12 having Robert McFarlane present at Tehran meetings are
13 infinitely greater than the risks entailed by having
14 Colonel North attend such meetings in Tehran?

15 A I thought so. I thought that we would have been
16 better off had we gone -- North and I had gone in first.
17 But that is hindsight, as things developed.

18 I was very amenable to going in first. I thought
19 it was a good idea. Both Colonel North and I thought it
20 was a good idea, but not many other people apparently
21 thought it was a very good idea.

22 Q How do you account for the willingness of the
23 United States participants to take that level of risk?

24 A I can only speak for myself on that. I weighed
25 everything. I had a long talk with Casey about it. I said

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1 from my knowledge of Iranians, and also from what I have
2 learned and the fact that Ghorbanifar himself is taking a
3 big risk and a big financial risk that I thought that the
4 real risk to us while we were in Tehran was if it becomes
5 public knowledge we are there and the radical faction decides
6 to make something of it.

7 But I thought that even then they would make every
8 attempt to get us out.

9 Q Were you aware that Colonel North has prepared
10 three sets of press guidances with respect to this trip,
11 and that they contemplated specifically the possibility
12 that the party would become hostage to the Iranians?

13 A I was aware that he was doing something along
14 these lines, but not that he had made three specific press
15 guidances.

16 Q Are you aware of some reason why a private citizen
17 other than Robert McFarlane could not have been adequately
18 briefed and given responsibility for conducting the specific
19 negotiations that he conducted and done equally well?

20 A I was given to believe that McFarlane was the choice
21 of the President. Whether that is accurate or not, I don't
22 know.

23 Q But are you aware of any reason -- and I am
24 asking sort of for an expert opinion here. You have a lot of
25 background knowledge about Iran. Are you aware of any reason

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1 why a capable private citizen could not have been adequately
2 briefed and given responsibility for the conduct of these
3 negotiations and done equally well at the job?

4 A Well, that is highly speculative. I can't give
5 you any specific reasons.

6 Q I can be more specific in my question.

7 Is there anything Mr. McFarlane knew about Iran
8 or about these negotiations that someone else either
9 didn't know or couldn't possibly have been told that made
10 him indispensable?

11 A I think part of the reason was since this was
12 a highly secret initiative, McFarlane was aware of what
13 transpired up until the time he resigned his office on
14 December 12. Therefore, he is an ideal candidate since he
15 knows what has transpired up to that date.

16 Q You were briefed in when you joined the operation,
17 weren't you?

18 A Yes.

19 Q I assume that someone else could have been briefed
20 in as well?

21 A But you would have had to add another body that
22 knew about it.

23 Q Okay.

24 So, again, not just to be -- have the record be
25 clear on this point -- is it your view that someone else

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1 could have done this job, some other private citizen?

2 A Oh, I suppose there are any number of private
3 citizens that could have done the job.

4 Q Thank you.

5 I think I can do this on the record. I want to
6 address a question not just to you but to my colleagues.
7 This may be one of the areas you have already covered.
8 I don't want to go back over this.

9 I wanted to ask about your specific understanding
10 about the nature of the deal going into the Tehran trip
11 in May 1986.

12 I believe you have previously covered that?

13 MR. EGGLESTON: It is my recollection I asked
14 him about sort of on each of the trips what was the under-
15 standing as of the end of that meeting, each of the
16 meetings, what was your understanding as of that meeting,
17 as of that meeting, as of that meeting. I may be wrong.

18 MR. WOODCOCK: I think that is right.

19 What you might want to do is if you have a specific
20 question about perhaps an element of that deal as to
21 whether Mr. Cave had an understanding, you might want to
22 focus your question. He has given a general description
23 of it.

24 MR. EGGLESTON: I am not sure I was focused on
25 any particular. I wanted to elicit an understanding of

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1 each stage.

2 MR. VAN CLEVE: I do have one specific question.

3 BY MR. VAN CLEVE:

4 Q It is my understanding that you held some direct
5 telephone conversations with Iranian officials prior to the
6 Tehran meeting. I believe those conversations would have
7 occurred some time in late April, that they were conducted
8 from Europe in the presence of Mr. Nir, Mr. North,
9 Mr. Ghorbanifar.

10 A There was only one. That was the 7th of May.

11 Q The 7th of May?

12 A Yes, that is when we met in London.

13 Q You already talked about that?

14 MR. EGGLESTON: Yes.

15 MR. VAN CLEVE: I don't think I need to go over
16 that ground.

17 BY MR. VAN CLEVE:

18 Q During the Tehran meetings themselves -- and again,
19 this may be something that you have talked about, but
20 I think I have a slightly different question to ask on
21 this -- it is my understanding that the Iranians made a
22 series of proposals.

23 Once it became clear that the original under-
24 standing with the Iranians for one reason or another had not
25 come about, leaving aside the question of why that might

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1 have occurred -- that is, the hostages had not been
2 released -- it is my understanding the Iranians made a series
3 of proposals to the United States with respect to how many
4 hostages they might be able to release if the United States
5 sent the rest of the spare parts and so on. Is that basically
6 correct?

7 A Yes. We went in there with the understanding,
8 of course, that all four of our hostages were going to be
9 released.

10 It became quite apparent shortly after we arrived
11 this wasn't going to be the case. They told us they could
12 get two. They were negotiating for two.

13 A great deal of these changes had to do with the
14 time factor as they saw it. They needed more time.

15 Finally, McFarlane gave them an ultimatum. They
16 can have until tomorrow morning at 7:00. Otherwise, we
17 are going to leave.

18 Q Now, I guess what I am trying to get at is it
19 sounds as though they made a series of offers to him which
20 were turned down without any question about whether that was
21 good, bad, or indifferent.

22 The question I have is did he ever make them a
23 counter offer?

24 A What we had -- what we did, in a long, non-ending
25 series of negotiations, agree to a seven-point program which

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1 you have a copy of. And also as it became apparent they
2 could only get two hostages, we focused on that.

3 The main concession that McFarlane made is that
4 okay, if you deliver the two hostages, we will send in the
5 rest of the Hawk spares.

6 They said okay. And then they went about trying
7 to arrange -- and late -- the evening before -- they went
8 out to see if they could do this. Late in the evening the
9 day before we left, or actually early in the morning, they
10 asked for time to get two -- the two hostages under their
11 control and a guarantee from us that we would launch an
12 aircraft with the rest of the Hawk spares within, you know,
13 so many hours after the hostages were released, which we
14 agreed.

15 Then McFarlane gave them until the following
16 morning to obtain the release of the hostages.

17 Q Again, this may be a subject that you have covered
18 this morning somewhat, but I wanted to ask you what were the
19 precise circumstances surrounding the beginning of the second
20 channel? Who approached whom?

21 MR. EGGLESTON: There was, George. Extensive.

22 MR. PEARLINE: That was extensively covered.

23 MR. VAN CLEVE: Okay. No point in going back over
24 all of that.
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BY MR. VAN CLEVE:

2 Q I may have misheard something earlier but I
3 wanted to ask this question. It's another factual question.

4 On November 20, there were -- 1986 -- there were
5 a series of meetings at the White House, some of which you
6 participated in. Were any Department of Justice officials
7 present at any of those meetings?

8 A No.



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1 BY MR. VAN CLEVE:
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6 A Now we -- I think that in the question of
7 Ghorbanifar, you have to consider the way he develops his
8 access to be able to accurately assess its value.

9 Ghorbanifar does everything -- he develops his
10 access to people in the U.S. Government in the same way,
11 to make money.

12 This was my great concern about our making use of
13 it in that we knew he had the access but he was never
14 truthful.

15 For instance, during the time that we had an
16 operational relationship with him, he never told us anything
17 about his association with the Israelis, which would have
18 been nice to know.

19 Another thing is during the whole business of his
20 relationship with us on this Iranian initiative, he never
21 told us anything about his direct personal relationship
22 with Ayatollah Montazerli, who is Khomeini's heir apparent,
23 which had a lot to do with the whole thing coming undone.

24 So, when you want to suggest -- if you are look-
25 ing -- is it better to do business with someone other than
Ghorbanifar, yes, I think, knowing that the Iranians were

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1 interested, we could probably developed as we eventually did
2 better access to the people we wanted to deal with.

3 If you go back to the record, Ghorbanifar spent
4 an awful lot of time in all of our initial contacts trying
5 to convince us this could be done through nobody but him when
6 he knew this wasn't the case.

7 Q I appreciate that you have a low estimate of
8 Mr. Ghorbanifar's reliability. I think that is fairly well
9 known by this time.

10 But I was really trying to get at something
11 different. That is what realistically were the alternatives
12 available to the United States?

13 [REDACTED]
14 [REDACTED] did you
15 ever have a conversation with people at the agency where
16 you sort of said, gee, you know, and then you described
17 your personal opinion of Ghorbanifar, which is well known to
18 be very low -- don't we have alternatives? Don't you have
19 better sources?

20 A Yes, but the problem is that the agency was not
21 picking the person to do this. This was an Israeli operation
22 at the time. This did not become basically a U.S. operation
23 until the fall of 1986.

24 All the initiatives were taken by Israel and
25 Ghorbanifar. [REDACTED]

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[REDACTED]

Q You believe in competitive analysis, don't you?

A In competitive analysis?

Q Right. Just as a principle, you believe in competitive analysis, don't you?

A Yes.

Q So, if the United States had a way of going around Ghorbanifar to someone with equally good access to the Iranian hierarchy, isn't it reasonable to assume we would have done that?

A You are asking me to speculate on something that is -- I don't even think is germane to the whole question we are tracing.

Q Well, I apologize, but I do think it is germane.

[REDACTED]

I can tell you that I want to pursue this subject.

[REDACTED]

[REDACTED]

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[REDACTED]

A [REDACTED] during this period, Ghorbanifar's performance as an intelligence agency was virtually nil.

What he did feed us was highly inaccurate most of the time. So if you are judging him by the quality of the intelligence he produced, it is zilch.

[REDACTED]

[REDACTED]

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1 [REDACTED]
2 [REDACTED] the decision had already been
3 made to use Ghorbanifar when I came on board.

4 Q Let me just say as a layman, it looks to me as
5 though the United States more or less made that decision
6 because it had no alternative.

7 In other words, I quite accept your suggestion
8 that we were using him because Israel wanted us to, but it
9 also seems to me if we had had any practical alternative
10 we probably would have chosen it.

11 After all, you put him on the burn list. Would that
12 be a fair conclusion to draw from the course of events?

13 A You are going to have to go higher up the line than
14 me to get a conclusion to a question like that. I wasn't
15 part of the decision making process. I was told to do what
16 I could to make it work.

17 MR. VAN CLEVE: Can we go off the record for a
18 minute, please?

19 (Discussion off the record.)

20 MR. VAN CLEVE: I have one more question for the
21 record.

22 BY MR. VAN CLEVE:
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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EXAMINATION BY MR. WOODCOCK ON BEHALF OF THE SENATE SELECT
COMMITTEE

19

BY MR. WOODCOCK:

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Q Mr. Cave, just for the record, I am Tim Woodcock,
representing the Senate Select Committee.

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I am here in my official capacity as an
associate counsel on the committee, and pursuant to the
mandate of the committee to pursue this matter within the
parameters of the committee's resolution, and accordingly,

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1 this is an official inquiry of the committee.

2 You might want to remind him that on this end of
3 the deposition, which is also being taken in conjunction
4 with the House, that the witness is still under oath.

5 THE REPORTER: You are still under oath.

6 THE WITNESS: Yes.

7 BY MR. WOODCOCK:

8 Q I hope to be relatively brief. I have made
9 marginal notes of questions here. There will be a certain
10 probably logical lack of order to these. I am going to
11 throw them out to you as I come across them.

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1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 Q In the Tower Commission report, there is a
6 reference to the BTE saying that there was historical
7 precedent for the sale of arms by Israel to Iran through
8 the United States.

9 Do you know what he was talking about there?
10 This would be December of 1985.

11 A I think he was probably referring to the
12 embassy case. One of the big bugaboos on that was the
13 Iranians insisting on the release of the embargoed arms
14 which, depending on who we listened to, was anywhere from
15 \$150- to \$350 ^{million} worth of arms. This is what held it up.

16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]
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Q Anyone comment on that?

A No. The only reason I put that in my notes is because it was money and it was Ghorbanifar.

Q And the combination made you suspicious?

A Yes.

Q Did Charlie Allen ever tell you that Ghorbanifar made a reference to the possible diversion of ^{money} ~~money~~ from the profits of arms deals to Central America?

A I don't recall anything at the time. I think that Charlie mentioned something after the fact. I think I recall him mentioning something, you know, Ghorbanifar

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1 said something once to him that he hadn't paid much
2 attention to.

3 Q When you say "after the fact," you mean after
4 this was all exposed?

5 A After everything was all exposed. I don't
6 remember him at the time he was seeing Ghorbanifar ever
7 saying anything about diversion of funds.

8 Q In the Ghorbanifar efforts to finance the
9 ~~Mahank~~ **HAWK** transaction, did you ever become aware of his
10 and Nir's approach to Tiny Rowland?

11 A We became aware of that when Tiny Rowland
12 checked in with the American embassy in London.

13 Q How did you become aware of that?

14 A The State Department sent a cable. We saw a
15 copy of it.

16 Q You at the Agency saw a copy of it?

17 A Yes.

18 Q Did you ever raise this matter with either
19 Nir or Ghorbanifar?

20 A No.

21 Q You recall North or anyone else ever doing
22 that?

23 A No. Was Nir involved?

24 Q Well, you don't know then whether Nir was
25 involved in that; is that correct?

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1 A I thought it was Ghorbanifar and Khashoggi
2 that brought it up, Tiny Rowland. I don't recall whether
3 Nir was -- could have been. I don't recall.

4 Q Your knowledge, I gather, would then derive
5 from the cable and wouldn't go beyond that; is that right?

6 A That's correct.

7 Q In your association with Ghorbanifar on this --
8 on these negotiations, was there any involvement of the
9 hostage location task force?

10 A In what way?

11 Q Well, that's what I am asking you. In any
12 way?

13 A Well, there was always a great deal of
14 interest in trying to locate where the hostages were

15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]

19 So the hostage location force was very much
20 involved in this, in the location aspect of it.

21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]

25 Q So --

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1 A But by and large, the hostage location force

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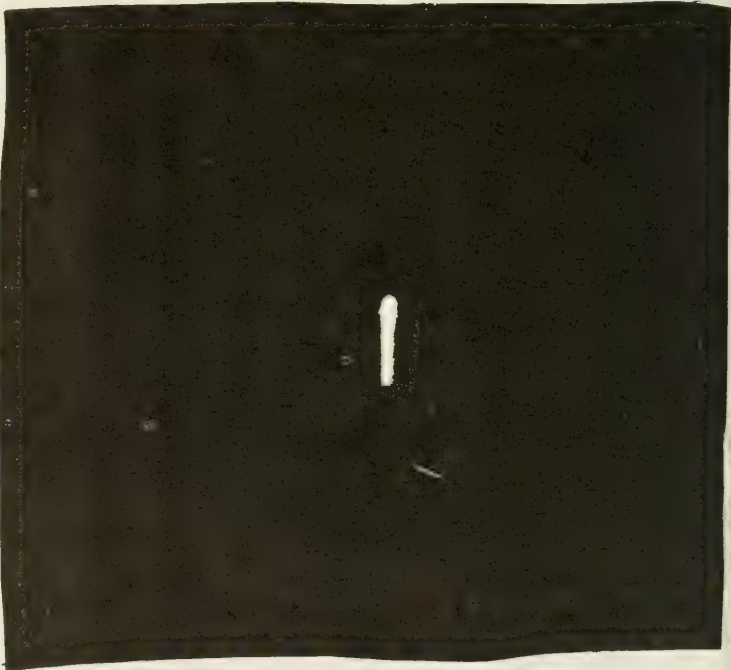
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Q You testified that when you were brought on in early March, you had a meeting with [REDACTED] and then a meeting with Charles Allen and a meeting with North all on the same day.

A Yes.



Q You said at one point that Nir kept a tight reign, and I am quoting you, "tight reign" on Ghorbanifar. What did you mean by that?

A Well, it was my impression from the dealings with North and Ghorbanifar, that Nir tried to keep Ghorbanifar

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m2 1 under a very tight reign. For instance, when we met in
2 Frankfurt in July, whether it was the 25th or 26th, we
3 talked to Nir first. Then he arranged for Ghorbanifar to
4 be brought in and talk to us.

5 Q Do I gather from what you are saying that what
6 Nir was trying to do was to protect Ghorbanifar from you
7 as an asset of the Israelis?

8 A I don't think so. I think what his concern was
9 was that he had an awful lot riding on this person and also
10 the Israelis politically. He wanted to make sure he was
11 aware of everything that was going on.

12 Q He wanted to make sure he wasn't cut out?

13 A He was always keeping contact with Ghorbanifar
14 and everything Ghorbanifar was doing.

15 Q Were you aware that the Israelis were providing
16 some assistance to Ghorbanifar during his period of
17 financial difficulties?

18 A I assumed that.

19 Q You didn't know that?

20 A But -- we assumed that ~~was~~ involved in it but
21 we didn't have any -- the only factual thing we had is that
22 Nir was extremely interested in Ghorbanifar getting paid
23 and that after the meeting with Furmark, when you had the
24 two million bucks earmarked for Nir, we couldn't figure
25 out what that was for.

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m3 1 Q You didn't learn that from Charlie Allen?

2 A That --

3 Q That the Israelis were helping Ghorbanifar
4 financially?

5 A That was Charlie's speculation from everything he
6 could get. He used to talk on the phone to both Nir and
7 Ghorbanifar. He shared that with me. A lot of us felt
8 that -- we came to feel that Nir was providing a lot of
9 assistance to Ghorbanifar.

10 Q Did Charlie Allen tell you that he was taping some
11 of these conversations with Nir and Ghorbanifar, the
12 telephone conversations?

13 A With Ghorbanifar. Not that I knew with Nir. I
14 knew he taped -- he taped -- he had a tape recorder in his
15 office for taping conversations with Nir. Not with Nir, but
16 with Ghorbanifar. Excuse me.

17 Q Do you know whether he would do that invariably
18 or most of the time?

19 A I think he tried to tape all the conversations
20 with Ghorbanifar.

21 Q Do you know why he did that? Did he explain that
22 to you?

23 A To make sure that he got everything. Much the
24 same reason that I taped the conversations with

25 [REDACTED] to that I could do the translation and give it to

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m4

1 Colonel North.

2 Q Did you ever listen to any of these tapes that
3 Charlie Allen made of Ghorbanifar?

4 A No.

5 Q Do you know whether Albert Hakim was ever a CIA
6 asset [REDACTED]

7 A [REDACTED] but I don't think you could ever
8 call him -- on him, but I don't think you could ever call
9 him a formal asset.

10 Q An informal source of information?

11 A I don't think so. [REDACTED]

12 Q [REDACTED] you
13 don't recall him?

14 A [REDACTED] he was never used. No. [REDACTED]
15 [REDACTED]

16 Q Your understanding of the financing of the May
17 HAWK transaction, did you understand that with respect
18 to the parts that were available that the United States
19 was placing any kind of a cap on the monies that --
20 or the point up to which the value of those parts could
21 reach?

22 A No. What we did is checked with the military,
23 the logistics command on the availability of parts. They
24 gave us a printout on everything that was available and how
25 much they could afford to take out of inventory for us.

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1 Q When you say we, you mean the CIA collectively?

2 A The CIA could take out of their inventory, how
3 much they could afford to let out of the inventory.

4 Q But I gather you yourself didn't have any under-
5 standing that if the Army came up with a figure in excess
6 of, say, \$4.4 million, that the Agency would be saying
7 you can't go above that?

8 A No.

9 Q Let me back up and rephrase the question. Did
10 you -- that wasn't a very good effort, was it?

11 You, I gather, were not involved in the logistical
12 end to any great degree in the May deal, is that right?

13 A No. Just to make sure everything was moving along
14 all right. Because I had -- I wanted to make sure
15 everything went smoothly. I followed what was going on.
16 But I didn't do the nuts and bolts, no.

17 Q Who was handling it that you knew of?

18 A That shipment would have been [REDACTED]

19 Q And [REDACTED] would have dealt with logistics
20 people at CIA?

21 A Yes. A couple of times when he was busy, I would
22 do it for him.

23 Q Did [REDACTED] have any involvement in that?

24 A I think [REDACTED] was the guy that gave the
25 figures to Ollie North on what it was going to cost.

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m6 1 Q When you got the HAWK list from Ghorbanifar in
2 Paris, did you yourself bring that back to Washington?
3 A Yes. I think I myself carried it back.
4 Q Who did you give that to?
5 A When we brought it back, we -- I discussed it with
6 [REDACTED] We got someone designated by the
7 Office of Logistics to then take the list and find out the
8 availability of the parts on the list.
9 Q You have also testified that by the time you got
10 to Tehran, Ghorbanifar is telling you that the total figure
11 for this deal is \$24.5 million?
12 A That was in Tehran.
13 Q That was in Tehran?
14 A Right.
15 Q Did you have any understanding as to whether that
16 figure in Ghorbanifar's description of it reached only the
17 HAWK parts that you had already identified were available?
18 A He said it was other charges involved in that,
19 not just the HAWKs.
20 Q Okay. Let me ask you this: When you came to
21 Tehran, you had a pallet of parts with you; is that right?
22 A That is correct.
23 Q And you also had HAWK parts waiting in Israel
24 in the event that your negotiations were successful; is
25 that right?

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1 A That is correct.

2 Q However, the sum total of those parts did not
3 encompass all the things the Iranians had requested?

4 A No. There were several items that were no longer
5 manufactured and there were several items on which we did
6 not have the number on the shelf that they requested.

7 Q Now did you understand that of some of those items
8 that either were not in Israel or were not on your pallet
9 in Iran, that they might become available in the future?

10 A Yes. We had an idea. Some of them, the
11 manufacturing process was very low. We would have had
12 to speed it up to get them.

13 Q Let me ask you, the \$24.5 million figure, did you
14 have any understanding that that might also encompass
15 parts yet to come?

16 A Oh, no.

17 Q So your understanding was --

18 A Not that I knew of, no.

19 Q So your understanding of that was that that
20 covered the parts waiting in Israel and the parts you
21 brought with you and no other parts; is that right?

22 A On that ship ^{parts} But Ghorbanifar told me this is
23 what they owe me. They are going to ask you what the cost
24 is and there are other things involved in this that you
25 don't know about. Tell them that that is the right

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1 figure. That is when I immediately went to North and
2 asked him what the hell was going on.

3 Q Just to make it clear, was it your understanding
4 when Ghorbanifar brought the \$24.5 million figure to you,
5 that that covered only the parts in Israel and the parts
6 on your pallet in Tehran and no other parts?

7 A That was my -- except I don't know about the
8 508 TOWs. Someone paid for those.

9 Q Putting the 508 TOWs aside, limiting this to HAWK
10 parts. Your understanding was it is just the pallet in
11 Israel and the parts --

12 A The parts in Israel and the pallet we brought in.

13 Q You didn't question Ghorbanifar or anybody else
14 further on that, did you?

15 A No. What we did is when I talked to Colonel
16 North about it and asked him what the hell was going
17 on, he immediately called Nir and Nir told us there were a
18 lot of expenses involved that had to be included in this
19 figure, and also there were other monies owed to Ghorbanifar
20 by the Iranians that were also included.

21 In fact, he went into a long explanation, a great
22 deal of which I didn't understand.

23 Q Did North understand it?

24 A I don't think so.

25 Q In your testimony, you said that when you found

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m9 1 out how high -- the high figure that was being suggested
2 for the HAWK parts -- and this is even before you arrived
3 at Tehran, you had an idea that a high figure was being
4 discussed -- that you mentioned it to [REDACTED] and he
5 agreed that it was too high a figure; is that right?

6 A Yes. I mentioned to him that -- but when we
7 discussed it, it is that when [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]

17 Q However, you then get to Tehran and the figure
18 is high.

19 A Higher.

20 Q Higher. Even higher. Do you recall this figure
21 which had the possibility of disturbing the whole negotiatio
22 being pursued by North to resolve it?

23 A Only that one conversation we had with Nir.

24 Q How about following Tehran? Do you recall having
25 any discussions with North about resolving this matter when

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m10 1 you are talking to [REDACTED] still complaining?

2 A Yes. I talked to -- we had a lot of
3 discussions about the pricing, hoping that it wasn't
4 going to upset the whole apple cart.

5 Q Did North have any idea what the United States
6 might be able to do to bring some relief to the pricing
7 problem?

8 A Well, there were several things. One of the
9 things was when I talked to [REDACTED] insisted he haggle
10 with Ghorbanifar over the pricing. That is when he came
11 down \$6 million. Also, we were looking at ways and means
12 that we could at least help to cover part of the large cost
13 in price by saying, you know -- by producing -- we were
14 thinking of producing a document which showed that FMS
15 sales are -- I think it was 2.7 times the figure given on
16 those microfiches. We never did it.

17 MR. EGGLESTON: Did you ever produce a document
18 to show back to them to justify the prices?

19 THE WITNESS: The only thing we did was we produced
20 a letter that we showed to [REDACTED] to give -- how
21 prices are arrived at, which was actually fairly accurate.
22 In other words, the price that we got -- the ^W wild things
23 about it is the price we got those TOWs at was much less
24 than the Israelis pay for TOWs. On the thousand TOWs Nir
25 complained about the cost when we sold them.

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m11 1 MR. EGGLESTON: Because it was too low?

2 THE WITNESS: Because it was too low. Yes.

3 BY MR. WOODCOCK:

4 Q When you first became aware that Richard Secord
5 was involved, did you have -- or were you aware that he
6 had been considered at one time to be associated with
7 Edwin Wilson?

8 A Yes, I heard about that, but I didn't know
9 any of the details about it.

10 Q Did that cause you any concern?

11 A Well, I was a little bit concerned about that.
12 Secord also is I guess what you would call a "can-do"
13 guy. That appealed to North. North absolutely believed
14 in him.

15 Q I just want to clarify this point for the record.
16 When you arrived in Tehran, or when you were flying to
17 Tehran, did you actually physically land in Bandar Abbass?

18 A No. It was nonstop from Tel Aviv to Tehran.

19 Q Just to clarify the record, or perhaps my own
20 understanding, when you met with Roy Furmark for the first
21 time, I gather from what you said he suggested yet another
22 TOW transaction to clear up the financial problem; is
23 that right?

24 A He said if we would permit Ghorbanifar to sell
25 another thousand TOWs that would get him out of the hole

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ml2 1 and solve the whole problem.

2 Q Did you happen to discuss with Furmark how he or
3 Khashoggi came to be associated with Ghorbanifar?

4 A No. Our brief from the Director was to listen and
5 ask as few questions as possible. So -- in other words, we
6 took the position we didn't know beans from batshit about
7 this thing.

8 Q So I gather Mr. Furmark didn't volunteer the
9 origins of his relationship with Ghorbanifar?

10 A He spoke very highly of Ghorbanifar and, of
11 course, he spoke extremely highly of Khashoggi, the salt of
12 the earth, great man, all that stuff.

13 Q Let me show you what has been -- or bears the
14 identification number CIIN 1027 and ask you if you have
15 ever seen that?

16 A I don't think I ever saw this. But I know for a
17 fact that Khashoggi is able to get end user certificates
18 from [REDACTED]

19 Q Let me ask you a couple of questions about that.
20 This is a cable dated February 4, 1986 and it --

21 A I never saw that.

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2 A I would like to have seen that. That is the first
3 time I have seen that cable.

4 Q How is it that that kind of information doesn't
5 automatically make its way over to someone in your
6 position?

7 A Oh, a lot of stuff -- see, the problem is I am
8 not there every day. No one says hey, George ought to
9 see this. I don't see it.

10 Q Do you know whether [REDACTED] or Charlie Allen
11 are aware of that?

12 A Also, at that time I was not briefed in on the
13 operation.

14 Q You would have come in approximately a month
15 later?

16 A A month later.

17 Q Do you know if Charlie Allen or [REDACTED] were
18 aware of that?

19 A They never mentioned it to me.

20 Q You testified earlier that in your collective
21 efforts to come up with an explanation for the large price
22 to [REDACTED] an explanation that he might believe, it was
23 suggested that perhaps it could be -- the low price
24 on the list could be explained as the cost to the manu-
25 facturer.

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m14 1 A I think that is what it is. It is the
2 manufacturing costs. That is what those microfiche
3 lists are.

4 Q Do you recall where you get that information?
5 Who it was who told you that?

6 A I think our logistics people told us that.

7 Q Do you recall discussing that as a rationale with
8 anyone to run by [REDACTED]

9 A No. I think that the only thing that we -- we
10 never did anything really but we were thinking North
11 had the idea of printing up to date microfiches that had
12 the prices higher.

13 Q North did?

14 A But we -- we were thinking of printing something
15 for [REDACTED] which we never did either that would show that
16 you can't base the pricing on what is on those microfiches.
17 Actually, you can't.

18 Q You also testified that you received a call at
19 your home at one point from [REDACTED] is that right?

20 A Yes. He was trying to call at the office and
21 Charlie Allen gave him my home phone number.

22 Q Charlie Allen can't speak Farsi, can he?

23 A No.

24 Q Do you know how he was able to transmit this
25 information?

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m15 1 A He was able to get the number, you know. I
2 think [REDACTED] had someone in the office that spoke a
3 little bit of English. Charlie got the number across
4 to him.

5 Q Did you ever get involved with [REDACTED] in
6 discussions to release the hostages in July or release a
7 hostage in July?

8 A Well, all that time, we were -- you know, we were
9 saying that we would not -- to [REDACTED] that we would not
10 send in the rest of their -- of the HAWK spares until
11 the hostage is released or something, or if we could
12 meet. We would do according to the 7 point proposal that we
13 left behind in Tehran. I consistently took that line
14 with him.

15 Q Was it you who suggested at one point that one
16 hostage would be enough?

17 A That came about -- I didn't make that
18 suggestion, no. I can't recall precisely who did, but it
19 came about as a result of our talks with Nir on the 20th
20 of July, in which he said they could get another hostage
21 out. And then the decision was made to go ahead.

22 Q So your recollection is that to the extent
23 somebody suggested that maybe one hostage would be enough,
24 that Nir was the source of that?

25 A I think that was based on Nir's proposal to us

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m16 1 in London that one could be gotten out if we sent in the
2 rest of the HAWK spares. I am pretty sure that is the way
3 it went. Then it was discussed when we got back to
4 Washington.

5 Q Did you ever have a conversation with [REDACTED]
6 where you represented that one hostage would be enough
7 was the position of the President?

8 A I don't think so. I can't recall saying that
9 specifically.

10 Q Charlie Allen entered a period in July where he
11 spoke to Nir in lieu of Colonel North. Did he share any
12 of those conversations with you?

13 A Some of them when I was around. I wasn't around
14 a lot of time.

15 Q Were you aware that Allen had taken over from
16 North but North had cut Nir off for a period of time?

17 A I wasn't specifically aware that he had cut him
18 off. I think what happened is that North wanted Charlie to
19 talk to Nir rather than have Nir talk to him.

20 Q Rather than Nir talking to North?

21 A Since Nir could put more pressure on North than
22 he could on Charlie.

23 Q Another thing I want to clarify for the record.
24 When you have the second channel out to Hakim's office,
25 we know that Hakim was in the building. Was he in the

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m17 1 room when the discussions were going on?

2 A Not on the substantive discussions.

3 Q As the second channel developed, did you
4 have any trouble conveying to Nir that he was now entering
5 into a subordinate stage?

6 A A decision was made to keep Nir briefed about the
7 second channel. One of the surprising things to me was that
8 after we returned from Tehran, Nir was still very high on
9 Ghorbanifar despite what ensued in Tehran, that he had
10 been lying to both sides. Nir sort of let that go by the
11 boards as being Iranian business practice. I tried to
12 argue that it is not quite that way.

13 So he was still very high on Ghorbanifar, but
14 we told him we were going to develop a second channel and
15 actually briefed him on it after it happened. Not in
16 very great detail, incidentally.

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Q Let me direct your attention to a reference in the Tower Report which refers to a deposit occurring on September 26, 1986 of \$7 million from Iran into Lake Resources. That has a footnote reference which reads as follows: "There is some discrepancy surrounding these dates. The September 26, 1986 date is contained in a PROF note from North to Poindexter which also contains the \$7 million figure. The CIA I/G report, relying on George Cave, states that [REDACTED] brought a check for \$4 million with him to the late October meetings in Frankfurt."

Actually that was mine. Do you have any explanation for that discrepancy?

A I can't understand what the hell the \$7 million would have been for.

Q Your understanding is that \$4 million would have been sufficient to cover the transaction?

A Yes. I suppose so. Because right after he -- he called up his man and gave him the check and two days later, we had the \$2 million odd dollars in our account.

Q Did you physically see this check?

A No. I never saw it. He just said he had it.

Q It wasn't produced for you?

A It wasn't produced for me.

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m19 1 Q But your understanding was as far as the CIA
2 financial office was concerned, the \$2 million came in shortl
3 after the check was produced?

4 A Yes. I think we got it on the 28th. I think it
5 was deposited in our account.

6 Q When you get with the DCI on the Furmark meeting
7 or the subject of Furmark, did he bring up any question
8 about the possible diversion of monies?

9 A No. His great concern at the meeting was this --
10 the going public with the whole operation through the
11 filing of the suit.

12 And the fact that the principals were going to
13 also contact Congress.

14 Q Did Charlie Allen ever raise his suspicions
15 about the possible diversion of money?

16 A Well, we all had suspicions that there was
17 something wrong, but there was so much there to be
18 suspicious of. As I told you before, my main suspicion
19 was the fact that Khashoggi and Ghorbanifar were trying to
20 raise as much cash as possible because of being stung in
21 the April 22 sting operation. Obviously the Swiss banks
22 were worried about the same thing.

23 Q Why, because of the life insurance policy?

24 A No. What the Swiss banks can do, they can arrest
25 you and hold you until you make good on your obligations.

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m20 1 That is obviously what they did with Ghorbanifar. He
2 denies that he was arrested, I gather.

3 Q I think he has made that a matter of record. Were
4 you aware that Ghorbanifar was complaining sometime in early
5 April about his California girl friend's apartment having
6 been broken into?

7 A Yes. He mentioned that at the meetings.

8 Q Ghorbanifar himself did?

9 A Yes. When he was here in April.

10 Q Did he also mention that or complain about
11 Roy Furmark's office having been broken into?

12 A Not to me.

13 Q Do you remember -- this would have been --

14 A I never heard of Furmark until shortly before I
15 met him.

16 Q I am going to read this selectively to you
17 and see if it brings anything back to you. Again this
18 is the Tower Commission report. It reads, as a footnote,
19 "In a series of telephone conversations with Ghorbanifar
20 and Nir, March 24 to April 2nd, Charles Allen learned that
21 Ghorbanifar was under pressure in Tehran; that he was passing
22 through a difficult period financially, but that the
23 Israelis were helping him."

24 Is that information he conveyed to you at the time?

25 A Yes, I think he did.

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m21 1 Q The quote goes on, "An NSC consultant reported to
2 Allen that Ghorbanifar was upset in part because his
3 California girlfriend's house had been entered, as had
4 Furmark's office in New York. Ghorbanifar blamed the CIA."

5 Do you recall that?

6 A I don't recall the Furmark part of it. But
7 Ghorbanifar complained about the breaking in of his girl-
8 friend's apartment when he was here. I never met the
9 girlfriend either.

10 Q You testified that you recognized the reference
11 earlier in this deposition to the Erria and then later said
12 you weren't sure that at the time you knew the name of the
13 boat; is that right?

14 A Yes. In fact, I thought it was something else.
15 When it came up, when they made the offer of the tank,
16 that is the first time I ever was aware that there was a
17 boat involved, because Ollie discussed this that we could --
18 they had this boat that was in the Mediterranean and they
19 could have it -- change its sailing orders and go to
20 Bandar Abbass to take on the tank. Which it did.

21 Q Do you now believe that boat to have been the
22 Erria?

23 A Yes. This comes out from subsequent press
24 coverage. I didn't at the time know the name.

25 Q In your negotiations with the second channel,

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m22 1 were Israeli prisoners ever on the negotiating table as
2 being possible subjects of release?

3 A Yes.

4 Q How did that happen?

5 A I think in the initial -- it came up because
6 we were also talking about the 300 ^{shirts} ~~shirts~~ that were being
7 held by the Israelis.

8 Q Would that have required more negotiating than
9 just with Iran?

10 A I don't think so. We asked the Iranians if they
11 thought it possible. I guess it was one of the Israelis
12 that was killed, but one of them was still alive. It was
13 a pilot that came in later. We talked -- we talked -- I
14 think we only talked about it on one occasion. They kind
15 of screwed up their eyes, but said they would look into
16 the possibilities because we said that any -- as I recall,
17 any release of the 300 being held would certainly be
18 contingent on Israelis being released and probably
19 some kind of guarantee.

20 [REDACTED]
21 [REDACTED]
22 [REDACTED]

23 [REDACTED]

24 Q There was a point, I gather, that you made an
25 attempt to bring your concerns to Colonel North about

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m23 1 Ghorbanifar; is that right?

2 A Yes.

3 Q But that was kind of an effort cut short; is that
4 right?

5 A Well, as I was mentioning to George, there
6 is -- there were a lot of countervailing views about
7 Ghorbanifar and people changed their opinion of him. I
8 think that the biggest thing he had going for him was the
9 fact that he had played a role in securing the release
10 of both Weir and Jencio. In other words, Ollie likes people
11 that are successful in doing things.

12 Q But I was asking a somewhat different question.
13 You had reservations about Ghorbanifar?

14 A Yes.

15 Q That go long back in your career?

16 A Yes.

17 Q Did you attempt to bring those to North's
18 attention?

19 A I did.

20 Q Did he react to that at all?

21 A Yes. His reaction is that what you say maybe is
22 true, but he has demonstrated that he can produce, because
23 he produced Weir. That was the initial, when I first
24 started.

25 Q Did you ever bring Ghorbanifar back to North when

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m24 1 the finances began to go awry as proof of your
2 opinion of Ghorbanifar?

3 A Yes. And also I thought that his performance in
4 Tehran had been such that we should be extremely chary
5 of him and made my views clear there. And the Iranians
6 told us flat out in Iran that they didn't trust him.

7 Q Did you have any dealings with anybody in the
8 State Department in these transactions?

9 A Not specifically with this. The only time it
10 came up is I had a meeting -- I think it was [REDACTED]
11 I don't know if Clair George was there or not. We went
12 over before the last trip to Geneva, that is the 8th through
13 10th [REDACTED]
14 [REDACTED] and at this meeting, it
15 was Armacost and Raphael, Arnie Raphael.

16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]

23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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m25 1

2 Q Did you have any dealings with anybody in the
3 Department of Defense?

4 A I didn't, no.

5 Q Do you know whether other than logistically or
6 in --

7 A [REDACTED] dealt with, what was his name,
8 Jamie Rizzo? I forget his name. He was the head of
9 logistics.

10 MR. EGGLESTON: There was a Russo.

11 THE WITNESS: Russo. That's it.

12 BY MR. WOODCOCK:

13 Q You already testified to the possibility of
14 danger in your trip to Tehran. Did you have any plans
15 in the event that you were seized and held captive?

16 A Run [REDACTED] I guess. There
17 weren't many places you could go from the 15th
18 floor of the Hilton Hotel.

19 Q Are you a subscriber to the Big Sting Theory?

20 A No. I think the Big Sting Theory was developed
21 by the Iranians to protect the participants.

22 MR. VAN CLEVE: For the record, I assume you are
23 referring to an article that appeared two weeks ago?

24 MR. WOODCOCK: That is right. That is a
25 capital B and a capital S and probably a capital T.

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m26 1 THE WITNESS: The Iranian comments on this are
2 so typically Iranian. The most interesting aspect is that
3 Khomeini has never really condemned the initiative.

4 MR. VAN CLEVE: Somebody may have asked you this
5 question, but what is your view about what Khomeini knew
6 about the Tehran trip at the time it took place?

7 THE WITNESS: I am certain he did not know we
8 were there.

9 MR. VAN CLEVE: He did not know? Before, during
10 or after?

11 THE WITNESS: Not until sometime after. I
12 place it as sometime in August-September. And [REDACTED]
13 [REDACTED] told us that he didn't know about it also.
14 I was certain because that is -- and I was sure that that
15 is why we didn't see anyone because ^{E/}no senior Iranian would
16 take the political risk of doing it unless they had the
17 blessing of Khomeini. Since no one showed up -- the best
18 that we can put it together is that [REDACTED] broached it
19 to him sometime in late August or early September.

20 BY MR. WOODCOCK:

21 Q In your meeting in Tehran, was the Iranian
22 assistance to Nicaragua ever on the table?

23 A Yes.

24 Q That was their assistance both in terms of oil
25 and arms?

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m27 1 A Yes. They denied it.
2 Q They denied they were doing it?
3 A Yes. We volunteered to provide them proof.
4 Q Did they take you up on that?
5 A Yes. But we -- where is it? Well, we didn't
6 bring it with us. Part of the problem you have as I
7 explained before is when I was translating, you know it's
8 very difficult when you translate to remember what the hell
9 it was that you said.
10 Q When McFarlane made it plain that he was going
11 to leave unless the -- his conditions were met, I gather
12 from your testimony the Iranians asked for some additional
13 time; is that right?
14 A Yes. There was a lot of different -- when they
15 saw -- North and me stayed behind, and they'll get them.
16 He said no, we are all going to leave together. There
17 was a little bravado in that. At the time we made the
18 announcement, we still had a plane with no fuel in it.
19 Q But the Iranians asked for more time and I gather
20 McFarlane gave them a certain amount of additional time;
21 is that right?
22 A This was the night before we left. He gave them
23 until the following morning.
24 Q Did he leave before that time expired?
25 A No. We left sometime after. Even going out

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m28 1 to the plane, the Iranians were begging us to stay.

2 MR. WOODCOCK: Let's go off the record.

3 (Discussion off the record.)

4 BY MR. WOODCOCK:

5 Q Mr. Cave, I have no more questions. I did want
6 to go back on the record to express my appreciation for
7 your patience and for your forthrightness.

8 MR. EGGLESTON: Thank you.

9 MR. VAN CLEVE: Thank you very much, Mr. Cave.

10 (Whereupon, at 6:00 p.m., the deposition of
11 George W. Cave was adjourned.)

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TAPE ONE (sides 1 and 2) - TWC/nsd

UNITED STATES SENATE
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF GEORGE CAVE

9/29/87

Present: George Cave, Deponent
Timothy Woodcock, Senate Iran/Contra Committee
Jack Taylor, House Iran/Contra Committee
David Pearline, CIA--Office of Congressional
Affairs
Paige Moffat, Office of General Counsel

Cave ("C.")
Woodcock ("W.")
Taylor ("T.")
Pearline ("P.")
Moffat ("M.")

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Let me state for the record my name is Timothy

Woodcock. I am an Associate Counsel with the Senate Select
Committee on Secret Military Assistance to Iran and the
Nicaraguan Opposition. Participating from the House is Jack
Taylor, representing the House Iran/Contra Committee. George
Cave is present as the deponent. David Pearline is representing
the Office of Congressional Affairs at CIA. Paige Moffat is here
representing the Office of General Counsel.

Mr. Cave, before we begin, let me make it clear that
this is a statement that we will be taking from you pursuant to
the authority of the Senate Select Committee. The information
that you give us will likely be used in the furtherance of the
Committee's investigation under its resolution. Do you
understand that?

CAVE: Yes I do.

WOODCOCK: Thank you.

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1 EXAMINATION OF GEORGE CAVE BY MR. WOODCOCK:

2 W. Mr. Cave, let me cover some of the early ground here
3 with you when you first became involved in the Iran initiative.
4 Mr. Cave, we have come across entries that Col. North made before
5 and after the meeting in Frankfurt, Germany in February of 1986,
6 stating that he was forced to use Albert Hakim as a Farsi
7 interpreter because the CIA could not produce a Farsi speaking
8 interpreter. For the record, could you state whether you would
9 have been available to perform the task at that time. This is
10 February 25-26, 1986.

11 C. As far as I know I could have been made available. In
12 fact -- I was in Europe at the time of that meeting. Either I
13 was -- I was either -- I was in Europe immediately -- either
14 immediately preceding or during it, because I returned to the
15 United States at the end of February. [REDACTED]

16 [REDACTED] But, presumably I could have been made
17 available to translate for that meeting.

18 W. And I take it from your answer that you were not asked
19 to participate, is that correct?

20 C. That's correct. I knew nothing about this initiative
21 until the 5th of March.

22 W. Thank you Mr. Cave. Let me turn to the early days of
23 your involvement in this initiative. I believe you have
24 previously testified that your first meeting with Mr.
25 Ghorbanifar, in what you then understood to be the Iran
26 initiative was in Paris in March of 1986, is that correct?

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1 C. That's correct. That's correct.

2 W. Before you went to the meeting in Paris, I believe you
3 have already testified that you were briefed by both [REDACTED] C/N
4 who either was already Chief NE, or about to become Chief NE, and
5 Charles Allen. Is that correct?

C/N

6 C. I was briefed by both [REDACTED] and I met Col.
7 North, I think, the afternoon of the day we left. I think I met,
8 as I recall, I also met Charles Allen, but did not get much of a
9 briefing from him at that time. It was only later, after I got
10 back. That's when I went over all the old [REDACTED]
11 [REDACTED] intelligence.

12 W. You went over that with Charles Allen?

13 C. After I returned from the first meeting in Paris.

14 C/N W. Mr. Cave, I'd like you to recall the meeting with [REDACTED]
15 [REDACTED] and I'm really asking something specific. As I recall,
16 when I interviewed you, along with many other Congressional
17 representatives, back in March of this year, you related that
18 when you were briefed on the initiative by [REDACTED] C/N you
19 recommended to him that no -- I think the phrase you used was "no
20 serving officer should participate in this initiative." First,
21 is that correct, and second could you expand on that idea?

22 C. After I heard about the initiative I, I recommended to
23 C/N [REDACTED] and I think also to Clair George, that the
24 participation in the operation by serving officers should be as
25 limited as possible in that it was quite apparent to me if this
26 operation ever blew, you know, careers would be in jeopardy. And

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1 since I was an annuitant, it didn't matter.

C/N E

2 W. When you made this remark to [REDACTED] and Mr.

3 George, what was their reaction to it?

4 C. Well, they agreed that, you know, that this was a high-
5 risk operation. And I think every attempt was made to keep the
6 knowledgeability of the operation to as few a people as possible.

7 W. In order not to imperil as many, or in order to imperil
8 as few careers as possible?

9 C. Partially that, but I think also that the security of
10 operations is a great concern to us.

11 W. Well, for those two reasons. Is that a fair statement?

12 C. I think that's a fair statement. I, I mean we had to
13 involve people in it as it progressed. But, I mean, there was a
14 conscious attempt not to unduly involve officers, serving
15 officers, in the operation.

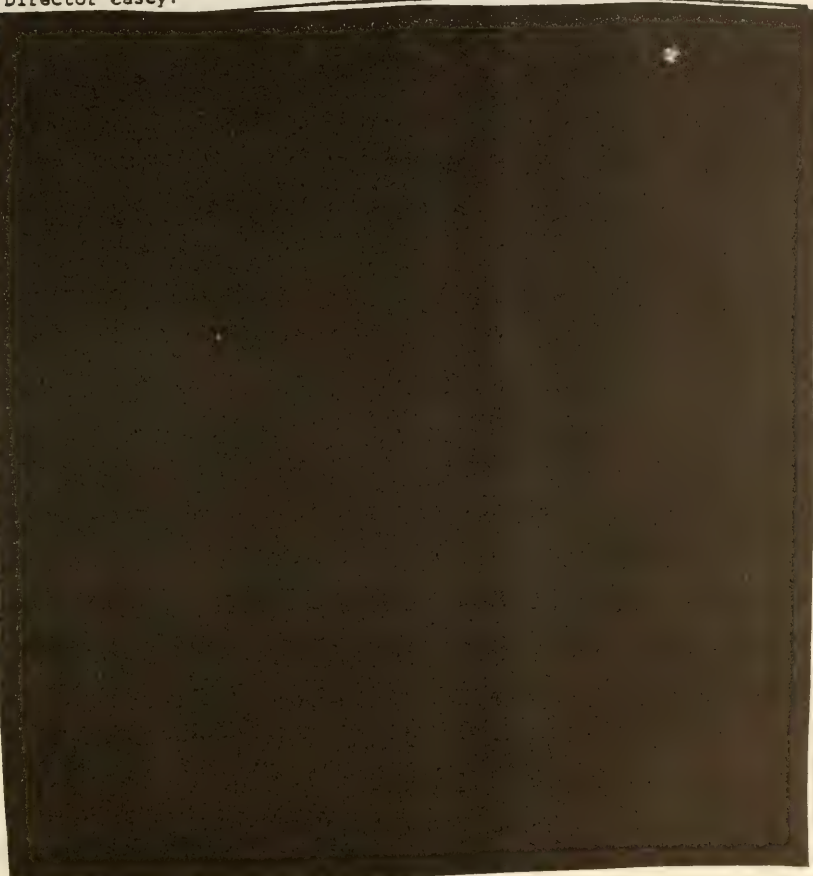
16 W. There is a statement in the Tower Report, and I don't
17 know whether you are familiar with it. It's a footnote. It
18 comes from the testimony of Clair George where he states, and I'm
19 going to paraphrase him, that "George Cave joined the initiative,
20 and somewhere along the line, became a player." Do you agree
21 with that characterization?

22 C. Well, I, I'm not sure. It's obvious that statement was
23 taken out of context, and I'm not really sure what Clair's intent
24 was. Because everything I did, I reported back to [REDACTED] C/N E
25 I naturally became a player in the initiative because I got more
26 and more involved in it. And though I think Col. North relied

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1 more and more on me as it went on, because of my understanding of
2 Iranians. But, I certainly reported everything that I did back
3 to, back both to [REDACTED] and in many cases directly to
4 Director Casey.



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22 W. Let me ask you another question on the February TOW
23 deal. Now, understanding that you came on the scene after this
24 deal had been completed, you nonetheless had an opportunity to
25 speak to many of the participants in that transaction. Second,
26 Hakim, North, Ghorbanifar, [REDACTED] at one time or another. [REDACTED]

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1 ~~LINE~~ in his testimony before the Tower Board expressed the
 2 opinion that he believed that the 1000 TOWs of February were
 3 supposed to, by themselves, spring a hostage. I think
 4 Ghorbanifar and others have taken the position that the 1000 TOWs
 5 was a good faith makeup for the abortive HAWK shipment of
 6 November of 1985. Did any of the people that you participated
 7 with express an opinion on what was supposed to have been
 8 achieved by the February TOWs?

9 C. If my understanding was the same as ~~LINE~~ that this was
 10 supposed to cause a hostage to be released.

11 W. Do you recall where you got that understanding?

12 C. I think it was from ~~LINE~~ as best I can recall, because
 13 I remember after I was briefed, I think he told me that he -- we
 14 had expected a hostage to be released, but now we are going --
 15 you know the meeting with Ghorbanifar will be an attempt to sort
 16 out some of this and see what the Iranian position is.

17 W. Are you referring to the March meeting with
 18 Ghorbanifar?

19 C. March meeting with Ghorbanifar, yes.

20 W. Did the --

21 C. I recall, I recall before we went that ~~LINE~~ said that we
 22 had expected the 1000 TOWs to result in a hostage being released.

23 W. Did the subject come up in Paris as to why a hostage
 24 had not been released?

25 C. I'm trying to recall exactly what was said with regard
 26 to that. I think that the way Ghorbanifar explained it in Paris

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1 went along these lines: that the Iranians were now convinced by
2 the TOW, the TOW shipment, excuse me, the TOW shipment that we
3 had good intentions, and that they were now prepared to meet with
4 us and discuss the future of the strategic initiative between the
5 two countries, and it also -- in that meeting he proposed that
6 we'll sell them the HAWK spares, to sort of cement the deal. And
7 that's when he turned over the list of 240 line items. But
8 that's about how it went. I mean, we had, the, the 1000 TOWs had
9 established the U.S.'s good intentions, and the Iranians were now
10 prepared to respond, and he had preliminary agreement to a
11 meeting in Iran between senior U.S. officials and senior Iranian
12 officials.

13 W. Now, you were, at this point, a Johnny-come-lately to
14 the negotiations, so I gather you were not some much an active
15 participant in Paris as you were an observer. Is that fair to
16 say?

17 C. That's fair to say.

18 W. What was -- Col. North himself was present when
19 Ghorbanifar was making these remarks I would gather, is that
20 correct?

21 C. That's correct. The way the meeting was structured is
22 that we went immediately from the airport to the hotel and we met
23 initially with Amiram Nir, and then he went out and brought
24 Ghorbanifar in.

25 W. And Nir was present through the negotiations as well?

26 C. Nir was present through all the negotiations.

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1 W. Did North have a reaction to Ghorbanifar's statement
2 that the 1000 TOWs had simply shown that the United States was
3 serious?

4 C. I don't recall. I think he said something like, it
5 damn well should have shown him that we are serious, something to
6 that effect.

7 W. Do you recall him saying anything about, you know,
8 where is our hostage?

9 C. Uh, there was some discussion about, you know, the
10 great disappointment on our end, about not -- the 1000 TOWs not
11 resulting in the release of a hostage, but I don't recall the
12 exact words at this point, and I didn't make any notes on that.

13 W. Let me -- I'm going to quote from what now is known as
14 the famous diversion memo that North is supposed to have written
15 in early April of 1986. That memo, which is really quite an
16 extensive memo, contains a retrospective on the Iran initiative
17 up to that point, and it contains a paragraph that reads that,
18 that, I'll quote, "the USG [meaning U.S. Government] would
19 establish it's good faith and bona fides by immediately providing
20 1000 TOWs for sale to Iran. This transaction was covertly
21 completed on February 21, using a private U.S. fairman[?] and the
22 Israelis as intermediaries." That paragraph appears to line up
23 with those who would take the position that the 1000 TOWs was a
24 good faith gesture on the part of the United States, but did not
25 bind the Iranians to come up with a hostage. Do you recall any
26 discussion in this early April period about this matter?

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1 C. It's a difficult question for me to answer, because,
2 you know I was brought in after the fact. But I do recall, there
3 was some disappointment that it hadn't produced any motion
4 whatsoever on the hostages. And I can't, I can't at the moment
5 recall the exact words and who said them, but I know among the
6 people who were involved that there was some disappointment that
7 there had been no motion whatsoever with regard to the hostages.
8 The Iranians just took the 1000 TOWs and that was it. And it
9 wasn't until we met with Ghorbanifar in March that we got some
10 explanation. And this is where the idea of this, you know, good
11 intentions being established by the shipment, came from--

12 W. From Ghorbanifar.

13 C. --to the best of my knowledge--

14 W. From Ghorbanifar.

15 C. --yes from Ghorbanifar, saying that we had established
16 our good intentions with the Iranian government and that he had
17 succeeded in getting in getting a commitment for a meeting at a
18 future date in Iran.

19 W. All right. I'm going to move on to another topic. The
20 -- let me turn to the meeting in Tehran. In Tehran there were a
21 series of meetings over four days, and I gather from your
22 previous testimony one of the immediate disappointments on the
23 United States' part was that no one on the Iranian side
24 commensurate with McFarlane's ranking appeared to negotiate, is
25 that correct?

26 C. That's correct.

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1 W. I believe on the second day, an Iranian official by the
2 name [REDACTED] showed up, is that correct?

3 C. That's correct. He was the most senior official we met
4 with.

5 W. [REDACTED]

6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 W. And he -- [REDACTED] later became a name that was
13 raised in the very later stages of these negotiations with the
14 second channel, is that right?

15 C. That's true.

16 W. Did you realize at the time -- I know you realized it
17 later -- but did you realize at the time that the Iranians did
18 not know who McFarlane was?

19 C. No, we didn't realize that they didn't know who
20 McFarlane was until after we met with the second channel in
21 September.

22 W. Let me ask you this. This is a minor point, but the --
23 one of the reasons ascribed to the failure of the Tehran
24 negotiations was that they coincided with Ramadan(?). Is -- late
25 May, is that the period for Ramadan?

26 C. Ramadan is based on a lunar calendar, so it changes

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1 every year. It's really bad when it's during the hot months,
2 because you know they can't drink water or eat all during -- and
3 you have a longer period of light. So, they were pretty
4 frazzled, you know, when we had a meeting during the day. By the
5 time it was over they were pretty frazzled since they couldn't
6 drink anything and they couldn't eat anything.

7 W. But that was the holy period they were observing in
8 late May, is that correct?

9 C. Yes, and based on the current situation in Iran they
10 damn well had to observe it.

11 W. You didn't notice any shirkers, is that right?

12 C. I didn't notice any shirkers -- except Ghorbanifar
13 [laughter].

14 W. Well, he's sewage in Aris(?). There are entries in the
15 Tower Report, and we have them in our files, of encrypted cables
16 that McFarlane sent out of Tehran. Were you familiar with how
17 the communications system was working? I mean, how was it that
18 McFarlane was able to communicate with Washington?

19 C. We took two communicators, two CIA communicators which
20 I arranged for, and I did the briefing of them. [REDACTED]
21 was kept -- stayed in Tel Aviv as a backup [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]
26 [REDACTED]

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8 W. When you arrived in Tehran, everyone was removed from
9 the plane at one point, is that right?

10 C. When we arrived in Tehran the crew was left on the
11 plane because they had to taxi it across to the military side of
12 the airport.

13 W. But eventually there came a point when all the
14 Americans were separated from the plane, isn't that right?

15 C. That's true, that was our first crisis and I had to
16 straighten that out. And it turns out that the reason why the
17 Iranians wanted everyone off was that they wanted to go over the
18 plane with a fine-tooth comb, which they did. And then after
19 that everything was all right.

20 W. Now, was it at that point that they removed the HAWK
21 parts?

22 C. No. They removed the HAWK parts on the day we arrived,
23 immediately. Once the plane was taxied over, over to the
24 military side of the aircraft, the three -- the four crew members
25 that were on the plane said that they just came and unloaded the
26 plane. Wasn't much they could do about it. So they told us that

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1 when they showed up at the hotel. They said they have already
2 unloaded the HAWK parts.

3 W. Was that considered a problem at all?

4 C. Well, there wasn't much that we could do about it
5 sitting on the 15th floor at a Hilton Hotel. We didn't know what
6 was going to happen when we arrived anyway.

7 W. But that, I gather, didn't fall into the category of
8 crisis?

9 C. Not really. We were far more concerned because they
10 wouldn't refuel the aircraft.

11 W. Did you complain to the Iranians about having simply
12 removed the HAWK parts?

13 C. Yes I did, but they -- this was kind of -- this was
14 sort of amusing. [REDACTED] being a rug merchant, came up to me,
15 when we had our initial meeting in the hotel and said, "you've
16 sent us used parts." And so, I said, you know, I got mad at that
17 and said, "you know you weren't supposed to unload them until
18 after the hostages showed up." And then he complained that we
19 only brought a very small amount of spare parts. And I said,
20 "well, that's all we could fit on the airplane." And he says,
21 "well, it didn't take up hardly any space." I said, "yes, but we
22 only had, we had to fly so many hours that we could only take a
23 certain amount of weight." And we haggled like that. And then,
24 the funny thing was, is when the crew showed up and I told -- you
25 know, we were talking to -- I asked him about the parts then.
26 And they said they took them off. And I said, "well, what did

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1 they do with them." He says, "well, when we left they were still
2 sitting on the tarmac. They hadn't opened it up or anything. So
3 how this guy knew they were used before they had even opened them
4 up, I don't know.

5 W. The Tower Report contains rather complete notes of each
6 day's meetings in Tehran. Do you know who the main note-taker
7 was for the Americans?

8 C. Mr. Teicher and Ollie North both took extensive notes.
9 I was doing a lot of the translating, so I couldn't take many
10 notes, but what I did do, and you have a copy of my memo on the
11 trip, I did -- I tried to write down significant points after the
12 meetings were over, and at those times, and since I sold(?) it,
13 Teicher and North were taking extensive notes, I didn't bother to
14 take them. I just, I just wrote down what I thought was
15 significant so we could compare notes later.

16 W. Now to get this straight. You -- we do have a copy of,
17 I think a 3 or 4 page single-spaced memorandum that you created
18 on your visit to Tehran. I want to understand your testimony on
19 this. These were based on notes that you made shortly after each
20 meeting, is that correct?

21 C. Yeah, usually, because I would, I would do -- I did
22 most of the translating. When I was hoarse, Ghorbanifar with the
23 -- because we kept catching Ghorbanifar translating inaccurate,
24 and finally [REDACTED] got so upset with him, you know, that he
25 jumped up at one point and said, "Mr. Ghorbanifar, you must
26 translate accurately." Because I had already corrected

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1 Ghorbanifar, you know, several times on mistakes that he had
2 made. Which made, made what the Iranians say a little bit
3 different. And then when he translated the English back, it also
4 came out a little bit different. Favoring, you know, positions
5 that he wanted to favor. But, I did make -- usually after the
6 meetings were over I would write down, I had a steno pad, I would
7 write down what I thought was significant. And then, based on
8 those rough notes, immediately after I returned, I put together
9 that 3-page single-spaced report that you have.

10 W. From what you later learned about [REDACTED] was he of
11 appropriate rank to be meeting directly with McFarlane?

12 C. I, as the scene -- as we learned more about it from
13 hindsight, yes, because no senior official was going to risk
14 meeting with McFarlane at that juncture because, as we later
15 learned, Khomeni was unaware that we were in Tehran. And also
16 the Iranians knew that Nir was an Israeli.

17 W. They knew at the time that he was an Israeli?

18 C. Yeah. They knew at the time.

19 W. How do we know that?

20 C. We were told, we were told by the second channel that
21 in order to protect himself, Ghorbanifar had told [REDACTED] And
22 [REDACTED] was not about to take that on his shoulders by himself,
23 so he reported it. So I think those two factors weighed against
24 us seeing any senior official, and quite possibly the fact that
25 they didn't know who McFarlane was.

26 W. Did McFarlane actually sit down face-to-face with

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1 [REDACTED]
2 C. Yes, he did, on the second day. The initial meeting on
3 the second day. And then after he, after we began to see all the
4 problems, he said, "well, talk to my staff, and if there is any
5 breakthrough, I'll talk to you." And the last evening that
6 [REDACTED] come up to me and said "I'd like to talk to Mr.
7 McFarlane." And we had -- it was a brief meeting. And that's
8 when McFarlane said, "O.K., I'll give you until 7:00 tomorrow
9 morning."

10 W. When McFarlane finally decided to leave, was that
11 direct -- did he communicate that directly to [REDACTED]

12 C. Uh, no, the only persons that were there when we
13 decided to leave were, [REDACTED] and [REDACTED]

14 [REDACTED]
15 W. That's [REDACTED]?

16 C. Yeah.

17 W. And [REDACTED] is another name for him?

18 C. Yeah. And he has a couple other names, too. But, we -
19 - I told [REDACTED] we are leaving, and he kept begging me to
20 stay. And we just packed up everything and went down in the
21 lobby, and so -- [REDACTED] "well, can't you stay up here till we
22 get the cars? We don't want you hanging around the lobby." So,
23 McFarlane -- we all stormed down, and they arranged for cars, and
24 they drove us -- One interesting thing is, I don't know what if
25 something happened in Tehran, but they did not drive us the
26 normal route to the airport. They took us through back streets.

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1 W. Mr. Cave, we took a momentary diversion here to change
2 the tape, using the word in it's more commonly-known sense. You
3 were saying that you were not certain whether anything had
4 happened in Tehran, but that you noticed that they took you to
5 the airport by an indirect route, is that correct?

6 C. Yeah. [REDACTED] there is a quick
7 route, a kind of like a super highway that you can take from the
8 hotel that goes right out to where the big, the big monument is.
9 And then it's directly into the airport. We went through back
10 streets all the way from the hotel to the airport. I don't know
11 if there was a reason for that or not. Ghorbanifar apparently
12 has reported that there was supposedly mobs out looking for us.
13 I don't know if that is true or not.

14 W. There was an article in, I think U.S. News and World
15 Report back in March of 1986, or excuse me 1987, which was
16 entitled "The Big Sting." And I think that in that article they
17 also postulated that a group of dissidents was looking for you to
18 seize you and embarrass the regime. I gather you haven't been
19 able to confirm that one way or the other.

20 C. No. We have never been able to confirm that, and we
21 just drew a blank from the second channel.

22 W. But you did ask him?

23 C. Yeah, we asked if there was any prob--when we
24 discussing the problems about--with the second channel about the
25 trip to Tehran. Whether he told us they didn't know who
26 McFarlane was, that Khomeini had not known that we were in town.

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1 We went into some other things like that, and one of the things
2 that came -- they didn't know, or else they just weren't going to
3 tell us, that anything happened. But they just said, there was
4 no problems that they knew of.

5 W. Mr. Cave, did you have a poison pill on this trip?

6 C. No.

7 W. Do you know whether either McFarlane or North or
8 Teicher had such a device?

9 C. I'm absolutely certain they didn't. I think the poison
10 pill story came about--there was a proposal that North and ^Igo in
11 in April with Ghorbanifar to do some preliminary discussions with
12 the Iranians. And there was some talk then that, you know,
13 that's pretty risky, and especially since what North and you
14 know, North, I think at one meeting, maybe we should take an LT--
15 they are called L tabs, incidentally, and, uh, I don't think
16 there was any real serious consideration given to it. I didn't
17 give any serious consideration to it anyway. I told him if
18 things go wrong I'm just going to become a ^umallah. [laughter]

19 W. When there is no choice there's no problem. I believe
20 in his testimony Col. North said that in fact he did have such
21 appeal and that he got it from CIA. To your knowledge he didn't
22 have such a pill?

23 C. Not to my knowledge. I don't think he said he got one.
24 Didn't he say that they were just considering it?

25 W. I understood his testimony to say that he actually
26 received one.

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1 C. I don't--

2 T. I thought he said he had one, too. I thought that he
3 said it was offered to him.

4 W. I believe he said it was offered to him, in the event
5 he wished to use one, one was offered to him.

6 W. Let me just note for the record that this new voice is
7 Jack Taylor.

8 T. Yes.

9 W. For the transcriber.

10 T. I believe I recall that one was offered to him by the
11 CIA. Now whether or not he took it with him or not, I don't
12 know. I'll have to check into that.

13 W. But assuming that that is what he said, to your
14 knowledge, he wouldn't have had such a pill, is that correct?

15 C. No, not that I know of, and, I was never offered one.
16 I just remember that the discussion came up, you know, maybe we
17 should, just in case, and -- but no offer was ever made to me to
18 take one, and I wouldn't have taken it anyway.

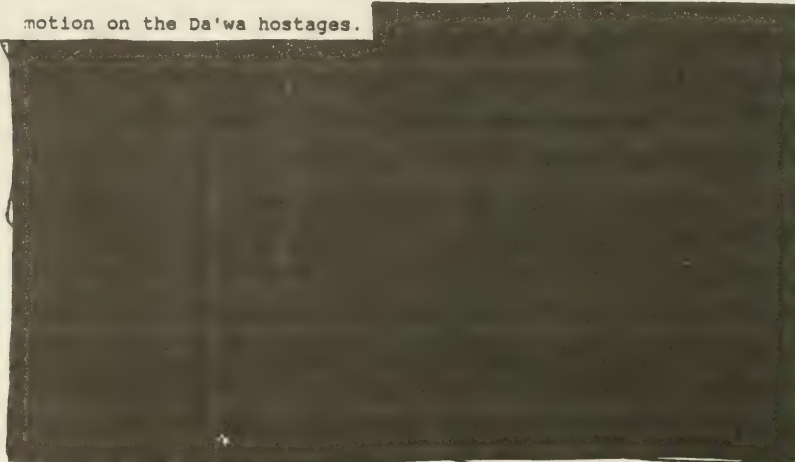
19 W. Mr. Cave, in the--again in the Tower Report, and I
20 believe also in your, in your notes, you came back from the
21 Tehran mission with the conclusion that irrespective of other
22 considerations that the Da'wa prisoners were going to remain a
23 major impediment to any, any real progress on the hostages. Is
24 that correct?

25 C. Yes. When I came back and reported to Director Casey,
26 I said that I thought the most serious problem confronting any,

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1 you know, wholesale release of hostages was the Da'wa prisoners.
2 In line with that I also told them that from my talks with the
3 Iranians, I concluded that they could spring a couple of them,
4 and I told Director Casey that I thought we'd two, two out, based
5 on this operation. But no more than--the hostage takers would
6 continue to, continue to hold hostages until there was some
7 motion on the Da'wa hostages.



19 W. Now, when you apprised Director Casey of your opinion
20 of the importance of the Da'wa following your meeting in Tehran,
21 did you also apprise him of your opinion, and I think you've
22 testified to this in other depositions, that the hostage holders
23 in Lebanon were extremely independent and were likely to insist
24 on their demands, no matter what?

25 C. The way I put it is that the Iranians have influence,
26 but they don't control the hostage takers. There are--I think

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1 I--there are two separate Shi'ite communities in Lebanon. And
2 the--

3 W. I think you did describe the one in the valley, in the
4 ^eBakka Valley, and then there is the Urban group, is that the
5 correct distinction?

6 C. The Southern Lebanon--actually--in fact they are sort
7 of the last remnants of real ^{feudalism} ~~feudalism~~ in Lebanon were among the
8 Southern Shi'ites. The Shi'ites in the Bakka Valley tended to be
9 pretty fiercely independent. And anyone that is familiar with
10 Lebanon, the area, would say the same thing, so--since no one
11 else has ever been able to fully control those people, I don't
12 see how the Iranians could.

13 W. Well, that brings up another questions. There are--
14 there were points at which consideration was given to, I think,
15 the Israelis pressuring Col. Lahad to release Shi'ite prisoners
16 that he had with his Southern Lebanese army. I gather from what
17 you are saying that since those Shi'ites were probably from a
18 different Shi'ite community that would not have had great
19 influence on the Shi'ite in the Bakka Valley, is that correct?

20 C.

21 
22 
23  The
24 interesting thing though is the hostages held by the Phlange, or
25 the prisoners held by the Phlange that were Shi'ite--the Iranians
26 seemed to say well, that's a Lebanese problem, let them sort it

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1 out. They weren't too interested in any motion, you know in
 2 getting those people released. They said the Phlange and the
 3 Shi'ite will sort that out themselves.

4 W. Also participating in the Tehran negotiations, and I
 5 think you have already mentioned them, what this [REDACTED]

6 [REDACTED] I think his true name is in fact [REDACTED] He was
 7 denominated the monster during those meetings by some of the
 8 Americans according to Albert Hakim. First, were you familiar
 9 with that ^{Sobriquet} ~~Sobriquet~~ and are you familiar with where he picked it up.

10 C. This came about after the second channel, and he did
 11 not participate in the meetings in Washington, but he did
 12 participate in the first German meetings in Frankfurt on the 8th
 13 through the 10th of October, and I don't know whether it was
 14 Albert Hakim--I think it was Albert Hakim that sort of gave him
 15 that ^{Sobriquet} ~~Sobriquet~~, the monster. And he's a very hard negotiator. But
 16 a very impressive guy.

17 W. I had understood Hakim to say that he received that
 18 nickname in Tehran, is that at odds with your recollection?

19 C. Yeah, that's at odds with my recollection. I don't
 20 recall that name being used until after we--in fact I found, of
 21 the other people we dealt with outside of [REDACTED] I found him
 22 in Tehran to be the one most interested in some kind of a
 23 breakthrough. In fact, he's the one that told me--I was the last
 24 one on the plane to leave, and I was talking to he and [REDACTED]
 25 and they emphasized, look, you know if this thing falls through
 26 we should still talk to one another.

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1 W. Hakim also referred to [REDACTED] as the engine. And
2 this was a term that he developed himself in the course of his
3 deposition, but he referred to him as the engine because he saw
4 him in the second channel meetings as the driving force behind
5 the negotiations. Would you agree with that characterization?

6 C. Uh--we had--there was a big debate about--there was
7 arguments on the American side about who was the more important
8 one. You know, the relative or [REDACTED] I always thought the
9 relative was more important because he spoke--you know when an
10 Iranian speaks with authority you can usually tell it. I mean,
11 with [REDACTED] they always thought that he wanted to check back
12 with someone before he agreed to anything. Whereas the relative
13 was able to take a proposal and decide whether to go ahead with
14 it or not. There was some disagreement among the Americans on
15 who was more important. I think that one of the, one of the
16 important things though was--he was the sole person we saw at the
17 last meeting.

18 W. That's the meeting in November, or the one in December?

19 C. At both meetings. The last--he came out to talk to
20 North, Secord, Hakim and myself in Geneva at the beginning of
21 November. And then he also came out for the meeting in December
22 with myself and Ambassador Dunbar.

23 W. Let me just take a moment here while I look up a
24 reference. The record should reflect that there was a 5-minute
25 break here for everyone to stretch his legs. We are now back on
26 the record. Mr. Cave, I want to see if you can reconcile what I

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1 think is an inconsistency in the reports that were made on the
2 negotiations in Kuwait on a particular point. And that is--

3 C. In Kuwait?

4 W. Excuse me, in Tehran. I've got Kuwait on the mind. In
5 Tehran. As you've already testified to, the subject of the Da'wa
6 prisoners arose while you were negotiating in Tehran. And in
7 your, in your summary you recalled that North addressed this
8 point and you quote North as saying that the United States would
9 not interfere in the internal affairs of Kuwait, particularly
10 where Kuwaiti due legal process had been carried out. Is that
11 consistent with your recollection?

12 C. Yes, that's consistent with my recollection.

13 W. Now, the Tower Report has one of the note-takers taking
14 down the following exchange. [REDACTED] saying our dispute is
15 over the lack of complete agreement, what can you say about the
16 blank, or it doesn't say blank, the held in Kuwait, is the way it
17 reads. There is a word missing. Then it has North responding.
18 It says, "North proposed a statement like: the U.S. will make
19 every effort through and with international organizations,
20 private individuals, religious organizations, and other third
21 parties in a humanitarian effort to achieve the release and just
22 and fair treatment for Shi'ites held in confinement as soon as
23 possible."

24 C. That's accurate except for the release part.

25 W. Now, do you have a specific recollection that that is
26 wrong?

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1 C. Yes I do. What North said, is as I said before, we
2 won't inter--we cannot intervene where due legal process is
3 taking place. But, what we will do is through international
4 organizations and the Islamic equivalent of the Red Cross, do our
5 best to make sure that the prisoners get good treatment, receive
6 mail, visitors, etc., etc. But there was no--he did not, in
7 Tehran, say anything about the release of prison--see to the
8 release of those prisoners.

9 W. I'm going to proceed ahead to a little later period.
10 Following the breakdown of the negotiations in Tehran, there came
11 a point when the United States began actively pursuing a, what's
12 now been known as the second channel into Iran. Were you
13 familiar with how the notion of developing a second channel came
14 to be?

15 C. Well, when we were in Iran, the Iranians told us that
16 they were not happy with the Ghorbanifar [REDACTED] channel. But
17 they said, if you guys insist on using it, it's all right with us.
18 But we would like to use a different channel. We, of course, had
19 the problem with the Israelis on Ghorbanifar, even after Tehran,
20 the Israelis were insisting, or the Israelis in the form of Ami
21 Nir were insisting that Ghorbanifar had to be used. We decided
22 to look for a second channel, and the first step was [REDACTED]
23 [REDACTED]

24 [REDACTED] And we met with him on the 10th and 11th of July in
25 Washington.

26 W. O.K. Let me move you back in time just a moment. When

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1 you said, we decided to seek a second channel, who is the "we"
2 you are referring to?

3 C. O.K. This was basically Col. North's initiative. I'm
4 talking about we, everyone that was involved. That we would look
5 for a second channel after the breakdown of the negotiations in
6 Tehran, and the problems we saw with it. And, we continued to
7 talk, or he continued to talk to General Nir, and I don't know if
8 he saw Ghorbanifar or not.

9 W. You are referring to Nir?

10 C. I mean, no, I'm referring to Col. North in this period.
11 But we did actively look for a second channel, and that was done
12 by Albert Hakim and General Secord.

13 W. Now, North's decision--I gather it was North's decision
14 to look for the second channel, is that what you are telling me?

15 C. To the best of my recollection it came from the NSC. I
16 mean it wasn't--since it wasn't our operation, we didn't feel we
17 could make a decision like this.

18 W. That is we, CIA?

19 C. CIA, yes.

20 W. Albert Hakim in his testimony attributed the idea, he
21 believed, was the way he phrased it, to General Secord. Is that
22 consistent with anything you understand?

23 C. Well, I think that between General Secord and Col.
24 North. The idea--we were--it is kinda difficult--and everyone
25 was in agreement with--I mean, there is nothing that, you know,
26 there was no contention. I mean, everyone was in agreement, but

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1 I--the action people in looking for it was certainly, you know,
2 General Secord, and of course Albert Hakim gave him a helping
3 hand. And the first step, as I mentioned before, was bringing
4 [REDACTED] to Washington on the 10th or 11th of July.

5 W. Now, that [REDACTED] was identified initially by
6 Albert Hakim, correct?

7 C. What--let me see if I can recall it. Through some
8 contacts of his in London we learned that [REDACTED]
9 had contact with Iranians who were ex-officio, so to speak.
10 Running a purchasing operation in London. And when we met this
11 guy, because he had reported to Albert that the relative had come
12 out and asked for an American contact, and we assumed that this
13 was the Iranian effort also to set up a second channel.

14 W. Now, that I think, was memorialized in your, your notes
15 of the July 10, 11 meetings with--

16 ? You have copies of those?

17 W. Yes, we do. Let me pass your statement just a moment,
18 here. Your understanding was that Albert Hakim--well, let me
19 back you up even further than that. You said, "we made contacts
20 who then located the people who had the connection to the
21 relative." Who, when you say "we", is that CIA, or--

22 C. Excuse me. Albert Hakim. Albert Hakim had the
23 contacts. He had used [REDACTED] before in his
24 business. And in talking to him found out that this guy was
25 associated with these two firms in London. And found out about
26 the relative coming out. So what we wanted to do is, through

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1 this official, when we brought him to Washington to talk to him,
2 as you know from the notes, is very anxious to get in contact
3 with the relative the next time he came out. And that was
4 handled by General Secord and Albert Hakim. They met with him in
5 Brussels in August I believe.

6 W. That's correct. This [REDACTED] was [REDACTED]
7 [REDACTED] Is that correct?

8 C. That's correct.

9 W. And, were you aware at the time that Hakim had proposed
10 [REDACTED] to the CIA back in--at least two times in 1983 as a
11 possible source of information?

12 C. I should have been aware of it, but I couldn't recall
13 it because it was something we didn't pursue. Normally in this
14 business when you don't pursue something it goes from your mind.
15 But I think you, you in fact, showed me one of the cables that I
16 coordinated on. And I couldn't, I honestly couldn't recall it.
17 So--but, we had nothing to do with [REDACTED] Possibly it might
18 have been because of the fact we knew [REDACTED]
19 [REDACTED]

20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]
26 [REDACTED]

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1 C. [REDACTED]
2 [REDACTED]

3 W. Now, when he came to the United States, one of the
4 things he was subjected to was a polygraph examination which was
5 conducted by a private commercial firm. I think you were aware
6 that that was among the plans when he arrived. Is that correct?

7 C. That's correct. We didn't want--the agency did not
8 want to get involved in a polygraph.

9 W. O.K. That's my next question. Why not?

10 C. Well, we normally--it was not someone that we were
11 going to be using as an agent. I mean, the polygraph is pretty
12 much for us an in-house tool.

13 W. That is, when you say us, you are referring to the CIA?

14 C. Yeah. It's a CIA in-house tool.

15 W. Were you present when the commercial polygraph was
16 performed?

17 C. No. I didn't want to be president--present, excuse me,
18 not president--present. [laughter]

19 W. No higher ambitions even today, is that correct?

20 C. No. [laughter]

21 W. It is correct. Mr. Cave, the polygraph examination was
22 performed by the commercial polygraph examiner. I've had the
23 opportunity to interview him and he has told me that the
24 information that Albert Hakim gave him on which he based his
25 questions, was so indistinct that he could not vote for the
26 reliability of the test. Were you ever made aware that that test

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1 was not a reliable test?

2 C. No.

3 W. Is that something that you should have known?

4 C. I would have liked to have known it at the time,
5 because the word I got from Hakim, that he passed the test.

6 W. Uh--

7 C. As a point here, most polygraph tests are inconclusive,
8 as you are probably aware.

9 W. Except the test you performed in January of 1986 on Mr.
10 Ghorbanifar?

11 C. When you have prize. [laughter] Suspect--subject like
12 Ghorbanifar, it's pretty easy to come up--see, the effectiveness
13 of the test is based a lot on the background information you
14 have from which to formulate your questions, because you can then
15 let the subject know that you know an awful lot about them.

16 W. That I think was part of the problem that this
17 polygraph examiner ran into. In other words, Mr. Hakim was
18 unwilling to expand on the background information that would have
19 allowed this polygraph examiner to sharpen his questions and get
20 a more precise result.

21 C. I never had any--I never knew the questions that were
22 asked on the test. All I know is this. Albert Hakim told me
23 that he had passed the test with particular emphasis on the fact
24 that [REDACTED] was not now functioning as an agent of the Iranian
25 government.

26 W. Let me pursue this just one step further. The Iran

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1 initiative was one of--was a very highly compartmented and
2 sensitive operation during the summer of 1986. Is that correct?

3 C. Well, yes and no. I mean, one of the real worries is
4 that we had too many outsiders that knew an awful lot about it or
5 we would have no discipline or control.

6 W. People like Ghorbanifar and ultimately people like
7 [REDACTED] and his contacts in London, is that correct?

8 C. And the contacts in London also knew something was
9 going on.

10 W. The reason I pursue that--I think within the American
11 government it was considered to be a very sensitive operation.
12 Is that fair to say?

13 C. Yes, that's fair to say. There were very few people
14 that knew about it.

15 W. Let me stop right here. I'll speak into the microphone
16 for the record. I'll stop right here and change tapes.

17

18 [TAPE TWO (sides 3 and 4)]

19 W. Let the record reflect that we had a short break
20 enabling me to change the tape, switch machines and make the
21 thing work. Mr. Cave, my question is, based on the importance of
22 the Iran initiative to the United States government, and
23 understanding your answer on the CIA not actually being the
24 operative agency here, still wouldn't it have been prudent to
25 employ the polygraph resources of the CIA on such a sensitive
26 matter?

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1 C. Well, at the time, it seemed better to do it the way it
2 was done because [REDACTED] had been involved with Albert in
3 business deals before, and they know each other. We didn't have
4 much to base a polygraph on and did not really want to reveal
5 anything about the initiative, so to the best of my recollection
6 Albert Hakim said that he would devise questions with the
7 polygraph operator which would get at our basic concerns, was
8 [REDACTED] in any way involved with the Iranian government or
9 Iranian government agencies.

10 W. Well, from what you say there it would seem to argue
11 even more strongly that you or someone else in the CIA or the NSC
12 review the questions before they are asked.

13 C. Well, I don't know if anyone did. I don't know if Col.
14 North, or I--I assume, I don't know, I assume maybe General
15 Secord did. I didn't. I didn't review the questions, no.

16 W. Let me ask you a question in a different way. Were you
17 aware that following the meetings in Frankfurt in February that
18 [REDACTED] had developed some concern about Albert Hakim
19 himself? Whether he was an appropriate person, and that was one
20 of the motivating factors bringing you into this arrangement.

21 C. Yeah. I was asked about Albert, and as I recall, the
22 major comment I made was that you know, Albert is basically a
23 businessman. He's head and shoulders above Ghorbanifar, but you
24 gotta remember, he's gonna look at this initiative as a business
25 opportunity.

26 W. Did you, and I'm speaking personally now, did you have

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1 enough confidence in Hakim to feel comfortable in trusting him
2 with, this polygraph with [REDACTED]

3 C. I think in the question of the polygraph, you are
4 imputing an awful lot more stature to me in this operation that I
5 had at that time. Remember, I had only taken part in the meeting
6 in Paris, and the trip into Tehran. And, at the time of this
7 polygraph had not done much with regard to the Iran initiative.
8 Nothing much had happened. As you recall it wasn't until--this
9 was the beginning of the second channel, and we did not have the
10 meetings in Europe which led to the release of Jenco, I guess it
11 was, at the beginning of all this. They did not occur until the
12 end of July. And what period you are talking about now is the
13 beginning of July. So, I was still looking at this, as was I
14 think, everyone else, as an NSC operation. And, I can't even
15 recall whether we were asked to provide a polygraph form. Or
16 whether there might have been some bureaucratic reason why we
17 couldn't do it at the time. No operators available. I just
18 don't recall.

19 W. Let me restate the question because I don't--I'm not
20 trying to exaggerate your importance here, I'm really trying to
21 get at your personal feelings at the time. Were you, were you
22 satisfied based on what you knew of Albert Hakim that he would
23 reliably perform this kind of a vetting of possible source?

24 C. I questioned Albert on this, and he said that he had a
25 lot of confidence in this polygraph operator. I think, in fact,
26 I think I recall him saying that he had used them before.

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1 W. But the question really is, did you have confidence in
2 Albert Hakim?

3 C. Oh, I have found out in dealing with Albert, that when
4 he says he will do something, he does it. And you can trust him
5 on that. My only concern about the use of Albert in this whole
6 operation was that he is a businessman. And he made no bones
7 about it that he looked, he was willing to work for the benefit
8 of the U.S. government, but he also was going to pursue any
9 business opportunities that came up.

10 W. Were you aware that there was a, I think was referred
11 to as a derogatory block on Albert Hakim which prevented him from
12 going into the Old Executive ^{Office} Building?

13 C. Yes. I was aware of that. But I never did find out
14 precisely what it was.

15 W. Did that cause you any concern?

16 C. Yeah, it caused me some concern, [REDACTED]

17 [REDACTED]
18 [REDACTED] I couldn't come up with any reason why he should
19 have this derogatory block.

20 W. Mr. Cave, also during this June-July period, I gather
21 you began to meet and had at least one or two meetings with [REDACTED]
22 [REDACTED] is that correct?

23 C. Yes. [REDACTED]

24 W. [REDACTED]

25 C. I met with him once in July, toward the end of July,
26 and that was a very promising meeting. But this was coordinated

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1 with the State Department. I gave them, you know, a full rundown
2 of everything that transpired at the July meeting.

3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]

10 W. Let me bring something to your attention and let me ask
11 if you are aware of it. In North's notebooks there is an entry
12 dated July 7, 1986. North notes that he has to get a biography
13 of [REDACTED] for Abe, which was the pseudonym for Hakim. Were
14 you aware that Hakim was looking for a biography of [REDACTED] in
15 early July of '86?

16 C. No.

17 W. Do you have any idea why he would have been looking for
18 a biography of [REDACTED]

19 C. I don't know. Col. North was, of course, aware of the
20 contact with [REDACTED] And was aware of our operational
21 interest in him. But I have no--he never told me that he had
22 discussed this with Albert.

23 W. Had you known that he had discussed it with Albert,
24 would that have surprised you?

25 C. Yeah, I would want to know why.

26 W. [REDACTED]

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C.

W.

C.

W. I'm gonna go through this particular entry in North's notebooks and ask you if you have any information on this. The note is, as I think I've indicated, July 7, 1986. It's headed "Meeting with Abe." It notes the computer at the White House has a hold on him. And it says, [REDACTED] bio for Abe." And then it has a list of objectives. And the way these read is "legitimate", it says "legit bus with Australia," which I read as legitimate business with Australia. "Legit security contracts with U.S. entities. Financial network. Income earners. Jose Defex. Going back to Australian, on July 18, 1986, and the last entry is [REDACTED] don't close." Let me go through that with you Mr. Cave. Do you have any idea what they are talking about with this legitimate business with Australia?

C. That might--Australia might refer to [REDACTED] We referred to him as the Australian.

W. Assuming that Australia refers to the country of Australia, would that have any meaning to you?

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1 C. No.

2 W. How about the entry with respect to Jose Defex?

3 C. I draw a complete blank on that.

4 W. Do you know what Defex is?

5 C. Defex? Not offhand.

6 ? Defex? Doesn't ring a bell with me.

7 W. If I were to tell you it's a Portuguese arms company,

8 would that ring a bell?

9 C. Oh. Yeah. I've heard of it, yeah. Yeah, I've heard

10 of it now. Defex--is that what it is? Defex? I thought it was

11 Detex or something like that.

12 ? D-E-F-E-X.

13 C. D-E-F-E-- O.K.

14 W. There are, I think, at least two large companies that

15 have an inter-relationship. One is Defex, and the other is

16 Indep.

17 C. One of those, I forget which one, General Secord had a

18 close relationship with.

19 W. Yeah. That would be Defex.

20 C. O.K.

21 W. There's a reference here. The Jose is not explained,

22 but there is a Jose Garnell. Does he, excuse me. Does that name

23 mean anything to you?

24 C. No.

25 W. The entry with respect to [REDACTED]

26 [REDACTED] that was not new information to you was it?

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1 C. No. [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]

9 W. General Hashemi is the one who introduced Ted Shackley
10 to Ghorbanifar back in November of 1984. Did that information
11 come to you at all during the course of this initiative?

12 C. [REDACTED]
13 [REDACTED]
14 [REDACTED] When

15 Shackley came to him he thought it was a legitimate enterprise.
16 [REDACTED]
17 [REDACTED]

18 W. This is General Hashemi?

19 C. Yeah. [REDACTED] And, uh--

20 W. This isn't the same meeting with Mr. Shackley?

21 C. No. No. But through this. And so Shackley, Shackley
22 told him he was functioning on behalf of the NSC. And so he
23 helped set up the meeting with [REDACTED] in Hamburg in
24 August of--November of 1984. I found this out after the fact.

25 [REDACTED] And
26 nothing ever happened. [REDACTED]

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1 W. You are speaking [REDACTED]

2 C. [REDACTED] the

3 contact had been brokered by [REDACTED]

11 W. Do you know yourself how he and Mr. Shackley met?

12 C. No.

13 W. Do you know that they have been in business together,
14 and I think still are, in business together?

15 C. Oh, yeah. I knew--I was aware that they were in some
16 kind of business together. But I don't know how they met.

18 W. Mr. Shackley, in November of 1984, not only met with
19 Manucher Ghorbanifar, but he met with, I think his entry was,

20 [REDACTED] Is that the same as the [REDACTED]

21 C. [REDACTED] yes.

22 W. Now, is there--who is [REDACTED] then?

23 C. They are two brothers. One--the first names I'm not--
24 one is a [REDACTED] And
25 the other has a position, I think in the [REDACTED]
26 I'm not sure. There are--actually they're originally [REDACTED]

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1 tribesmen--unusual for a tribesman to be a clergyman. [REDACTED]
 2 very important because he controls an awful lot of money and is
 3 considered by a lot of people to be somewhat moderate.

4 W. And you are referring to the [REDACTED]?

5 C. [REDACTED]

6 W. And--

7 C. And I think that is the one he met in Hamburg. I'm not
 8 sure.

9 W. Do you recall which name goes with which. Whether
 10 [REDACTED] goes with the [REDACTED]

11 C. I think--I'd have to check the records to be sure of
 12 it--I think its [REDACTED]

13 [REDACTED]

14 W. Was it your understanding that Mr. Shackley actually
 15 met with [REDACTED] or not his brother in November of '84?

16 C. I was told that he met with--my understanding was that
 17 he met with [REDACTED] I don't know if that's true or not.

18 W. And that's an understanding you gleaned from [REDACTED]
 19 [REDACTED] is that correct?

20 C. That's correct.

21 W. And I--

22 C. Although, one thing that might be--I think at one point
 23 Ghorbanifar said that they had--no--somewhere there is a report
 24 that said Ghorbanifar had dressed someone up like an Ayatollah
 25 and -- [laughter] I don't know whether it's ^{apocryphal} ~~apocryphal~~ or not,
 26 but I know there is a report somewhere that Ghorbanifar had

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1 dressed a guy up like an Ayatollah and had him talk to Shackley.
2 But I don't know whether this is ^{apocryphal} ~~scholarly~~ or not. But it's
3 something that Ghorbanifar would think of doing.

4 W. You don't find that to be incredible?

5 C. No, I don't find that to be incredible. And I can't
6 remember where we got the report. I know there was a report
7 somewhere along the line that actually Ghorbanifar had just
8 dressed someone up like an Ayatollah and had him meet with
9 Shackley.

10 W. Mr. Cave, let me just dwell on this for a few more
11 moments. You recall last time we met, which I think was back in
12 early July, I showed you a series of memoranda and cables
13 relating to a proposal back in early July, I showed you a series
14 of memoranda and cables relating to a proposal back in August of
15 1976 to, from Theodore Shackley to use Albert Hakim as a source
16 for the CIA. Do you recall that?

17 C. I recall you showing me the cables, yes.

18 W. Do you have any idea, or do you have any knowledge as
19 to how Mr. Shackley met Mr. Hakim?

20 C. I don't recall. And one of the problems, since nothing
21 ever happened--you know, I never paid any great attention to that
22 proposal. It went by the boards. We never did use them.

23 W. Mr. Shackley has told us that he met Albert Hakim
24 through Ed Wilson. I gather that's something that you didn't
25 know.

26 C. I knew that, oh, uh, that Albert had been--had known

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1 Ed, Ed Wilson, yeah. But I still to this day don't know what
2 extent he was involved in any kind of business with him.

3 W. And when would you have known that. That Hakim had
4 some background with Ed Wilson?

5 C. I think it was when I reviewed his file. I think there
6 is something in the file that says something about that. I'm
7 not--I couldn't swear to that, but as I recall, I believe there
8 is some--there's a couple pieces from the paper relating to a
9 relationship with Ed Wilson. And that would be when I asked to
10 look at the file after I knew that Albert was in the loop, so to
11 speak, on this operation.

12 W. And that would have been approximately when?

13 C. Probably sometime in, oh, late March, early April of
14 last year.

15 W. Did you, independent of your review of the file, did
16 you have any knowledge of Albert Hakim having any association
17 with Ed Wilson?

18 C. I don't recall any, no.

19 W. Reviewing the file didn't bring back any independent
20 memory, is that correct?

21 C. No. I knew of Albert Hakim, but never had had any
22 dealings with him. He's a pretty well-known businessman in
23 Tehran.

24 W. Did you pursue this with him at all? Did you ask him,
25 himself, about his background with Mr. Wilson?

26 C. I did at one point, and he told me it was the dumbest

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1 thing he ever did was getting involved with Ed Wilson.

2 W. Were you aware of General Secord having had some
3 involvement with Ed Wilson?

4 C. Yes, I was aware of that.

5 W. Let me just put these two things together and ask you--
6 and I'm just speaking on a--you know, your own personal reaction.
7 Did the combination of all this knowledge about Hakim having had
8 an association with Wilson, and Secord having had an association
9 with Wilson. Did that cause you any misgivings about the
10 participation of these two men and the very secret and sensitive
11 initiative?

12 C. I talked to Col. North about this.

13 W. What did he say?

14 C. And what he told me was essentially that, look, these
15 guys made a mistake, and if they had it to do all over again,
16 they wouldn't do it. They realize it was a dumb thing to do, and
17 they are working to basically now prove themselves. Albert wants
18 to really--one of the things, I'll never forget--North told me,
19 he says, "Albert Hakim is very interested in proving that he's
20 worthy of being a citizen of this country."

21 W. Did you know at any time during this initiative that in
22 December of 1983 General Secord had applied to CIA for a security
23 clearance and it had been denied?

24 C. I didn't know that, no.

25 W. When--after Father Jenco was released in--I think it
26 was on July 26 of 1986, Manucher Ghorbanifar met with, I think

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1 you, and North in Europe. Is that correct?

2 C. Yes. We had a meeting, I think it was in Frankfurt, if
3 I remember correctly.

4 W. Now, at that meeting, if I recall correctly, he advised
5 you of what it was that he had promised the Iranians to get
6 Father Jenco released, is that right?

7 C. I'm trying to recall it. I didn't take any notes on
8 that meeting, because North took all the notes. Nir was there.
9 I think that--as far as I recall the commitment was for the rest
10 of the spare parts. I'm trying to remember if there was anything
11 else.

12 W. Now these are the same--when you say the rest of the
13 spare parts, these are the spare parts that were planned to be
14 delivered in--to Iran in May, is that correct?

15 C. That's correct. The remainder of them. I don't recall
16 any other commitments that were asked for at that meeting. I
17 think it was to continue the thing, we should deliver the rest of
18 the HAWK spares.

19 W. Do you recall whether at this meeting he proposed what
20 I think has been, in shorthand fashion, referred to as the
21 sequential release of hostages and delivery of arms.

22 C. Yeah. What he told us is that he indicated that he had
23 sent a letter and we were supposed to have a copy of it. This is
24 the famous letter in which he makes all these terrific proposals
25 to the Iranians. And there is the idea of sequential release in
26 that letter. We didn't get that letter until after the fact, as

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1 you are aware.

2 W. And if you would for the record, just relate how it was
3 we ultimately came into possession of that letter.

4 C. Either he or Nir sent a copy of it to us via DHL, to
5 Col. North.

6 W. The notion of sequential referral was a departure from
7 past U.S. policy, is that correct?

8 C. That's correct.

9 W. Do you recall, and let me place you in the month of
10 August. Do you recall any discussions with North about the
11 advisability of departing from the prior policy of insisting on
12 all the hostages at once, and adopting the policy of sequential
13 release?

14 C. No. I always felt in this operation, you know, we were
15 the mechanics. That the policy decisions were made at the White
16 House. And the way they wanted to do it was all right with me.

17 W. Just to be clear. You say, "we" again. We the
18 mechanics, so that's the CIA. Is that correct?

19 C. That's correct. That's the CIA. Now it was--we did
20 not immediately, as you recall, release the rest of the spares.
21 There was some discussion in Washington about the advisability of
22 going along with this. And I remember a conversation I had with
23 Director Casey on it.

24 W. What was the position that he took?

25 C. Well, he was asking for my opinion, and I said look,
26 the spares are sitting in Israel. The Israelis don't want them.

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1 We can't take them back. If they want to keep the initiative
2 going they might as well send them, send the damn things in.
3 Also, no matter what kind of a sleaze Ghorbanifar is, he's on the
4 hook for an awful lot of money. And he's not going to be able to
5 collect anything until those spares are delivered. So those were
6 my recommendations and Casey pretty much went along with them.

7 W. Was there, in your conversation with Director Casey,
8 consideration given to the inconsistency between saying in May
9 you can't have any of these, any more of these, until the
10 hostages are released, and then at the end of July with one
11 hostage released, giving them all over to the Iranians?

12 C. I'm trying to recall. After the--in the immediate
13 aftermath of the visit to Tehran, there was a lot of talk about
14 the initiative being over, as you'll recall. I was probably more
15 upbeat than anyone on the plane because I had a lot of private
16 conversations with Iranians. And I concluded that no matter what
17 happened, they were very much interested in some kind of a
18 strategic dialogue with the United States. I think that--we had
19 a meeting also with Nir before the meeting with Ghorbanifar. And
20 as I recall, the sequential idea came up first there. I mean, it
21 was Ghorbanifar. Because Nir was speaking from the letter. And
22 Nir later admitted that he had authorized Ghorbanifar to make
23 some of the commitments that he had made in that letter. But not
24 all of them. Now, I never got it straight in my mind which ones
25 he had said he could make, and which ones he did not authorize.

26 W. And you are referring now to the early August meeting

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1 in London, is that correct? Or are we still in late July?

2 C. I thought we met--didn't we meet with him in July also
3 in London?

4 W. That is Nir?

5 C. Nir. Maybe it was August.

6 W. Well, let me ask you that question--

7 C. Oh, yeah, it might--I guess--see, when we met with
8 Ghorbanifar on the 25th, we did not have the letter.

9 W. That is the letter to [REDACTED]

10 C. The letter that he had sent to [REDACTED] And I'm kinda
11 hazy in my memory now when it was. I was not sure whether we met
12 Nir before and then--I get dizzy trying to--we met--it was Nir
13 and Ghorbanifar and North and I at the end of--because that was--
14 I was called up from Geneva to meet with them. I had just met
15 with [REDACTED] I think on the 25th of July. I'm not sure.
16 But, whether we met--I do not recall whether we met with--we had
17 a meeting with Nir in London before that, or it was immediately
18 after that, in August.

19 W. Let me ask you this. There was a meeting in August, on
20 August 8, between Nir, North and Ghorbanifar. Do you recall
21 whether that ^{would} ~~you~~ have been a meeting that you would have gone to?

22 C. No. Because the meeting that I'm talking about was
23 just Ollie, Nir and myself. And we flew to London one morning
24 and I flew back the next day.

25 W. In September, in early September, North had a meeting
26 with Poindexter in which he discussed the desirability of

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1 adopting a sequential release policy. Were you at any time
2 brought into these discussions with North?

3 C. No. He would just apprise me of what they were going--
4 of these discussions with Poindexter and what they were--what the
5 White--you know, I guess the White House or the NSC, had decided
6 on.

7 W. Do you recall him advising you at some point in
8 September that, that the sequential release notion had been
9 approved by the White House?

10 C. I don't remember him specifically saying that this
11 thing here has been approved because the position we took with
12 the second channel was that the seven points, as enunciated in
13 Tehran, would be, would be an--I don't know how you want to
14 phrase it or characterize it--but would be an agreement that the
15 United States would adhere to with Iran. Now, the idea of a
16 sequential release, as I understood it, was [SIDE 3 ENDS] The
17 fact that there was still a certain amount of mistrust and
18 perhaps the sequential idea is the best way. They do this and we
19 do this, and they do this, and we do this. That type of thing.
20 That's the way I understood it. But, I was not involved--a lot
21 of this evolved from, I gather private discussions between North
22 and Admiral Poindexter. We had several meetings at the White
23 House. A couple meetings with Poindexter. But it was basically
24 the overall thing. And I don't recall really being in one of
25 those meetings until after the second channel. I think there was
26 one before, immediately before we met with him, then one

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1 immediately after. That one I remember clearly on the 24th of
2 September.

3 W. O.K. We'll go back and cover September in just a
4 moment. Mr. Cave, we are back on the record. I'm going to go
5 back and forth on some subjects here, so fasten your safety belt.
6 Reports came out of the meeting with, the first meeting with the
7 second channel, that is a relative, [REDACTED] on August 25th, that
8 there was a separate TOW transaction that the Iranians were
9 trying to put together. I think the fellow's name was Escandari.
10 Out of Spain. Were you familiar with that separate TOW
11 transaction as it was developing?

12 C. Yes. That was one where this guy was claiming to have,
13 I forget how many TOWs it was, and we did everything. [REDACTED]

14 [REDACTED] and we came
15 to the conclusion that despite all of the information that we
16 were getting that this deal was going down, that it was a
17 spurious deal.

18 [REDACTED]
19 [REDACTED]
20 W. Do you recall when they reached that conclusion?

21 C. I can't recall the exact date, no. But I know that, we
22 had had word that supposedly the stuff had been shipped and our
23 [REDACTED] people say, hey, that's a bunch of crap. We would have
24 picked it up.

25 W. Were you aware that North contacted Charlie Allen on
26 this, and asked Allen to report the matter to Customs?

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1 C. Yeah, we were--and we did, we did contact Customs that
2 we have this report. And Customs was never able to develop any
3 concrete information on it. And also our--this munitions--
4 munitions people said that they thought that it was false.

5 W. According to Allen's memo on the subject, Hakim told
6 him that he suspected that Ghorbanifar and Khashoggi were behind
7 it. Was that ever any information that you could verify?

8 C. Yeah. As I recall there was that speculation of
9 Hakim's--I think we were able to put, oh, I'm not certain of
10 this, but I think this guy Erajaskanderi, I believe it was. Who
11 was, had some connection with Ghorbanifar. But whether Ghorbani-
12 -we never, I don't think we ever got any concrete evidence that
13 Ghorbanifar or Khashoggi were involved in this deal.

14 W. This subject came up in early, or excuse me, late
15 August. Our first written information on it is a report that
16 Secord made to North on August 27. North's notebooks reflect
17 that there is still concern about this possible transaction as
18 late as October 22. Were you aware of that?

19 C. I don't remember the exact dates. North's concern was
20 that he didn't want the Iranians to get hold of TOWs because that
21 was one of the things we were authorized to deal with them with.
22 And if they were able to develop an alternate source of TOWs, it
23 would weaken our negotiating position. This is why he was
24 pursuing shutting this deal off as--if at all possible. But as
25 far as I recall, when we concluded, there was never a real deal.
26 Our [REDACTED] people were pretty certain of that.

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1 W. Do you know whether the existence of this possible TOW
2 deal in which Escandari was involved played any role in the
3 reduction of the price of the TOWs in the October transaction.
4 That is, the reduction by the United States of the TOW price?

5 C. None that I know of. I never heard of any.

6 W. Let me shift onto another subject. Charles Allen wrote
7 a memo in September, on September 8 of 1986, which was directed,
8 ultimately directed into Admiral Poindexter's hands by Lt.Col.
9 North attached to another September 8 memo that Lt.Col. North
10 wrote. And in Mr. Allen's memo he had the observation that, and
11 I'll quote this, "more and more we suspect that some Hizballah
12 leaders would be willing to settle for the release of the
13 Americans and the French for Shi'ite prisoners held by Anton
14 Lahad's Southern Lebanese army. He prefaced that remark by
15 saying that those holding the American French are frustrated
16 because there are no, they were no closer to securing the release
17 of Da'wa prisoners than they were in March when they kidnapped
18 William Buckley." The import of that, or at least the way that
19 reads is that in Mr. Allen's opinion there was coming a point
20 where the hostage holders were becoming frustrated that they were
21 not making any progress on the Da'wa, and perhaps were willing to
22 settle for the Shi'ite who are held prisoner in Southern Lebanon.
23 Was that, first was that an opinion that you were aware of, and
24 second was it one that, at that time--and this would be early
25 September--you would have endorsed?

26

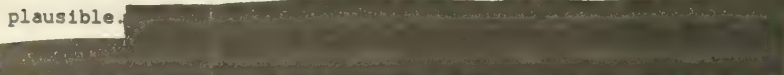
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15 W. O.K. Would you have agreed with what Mr. Allen wrote
16 on September 8 then?

17 C. Yeah. I would agree in the sense I think it was
18 plausible.



20 you have to be careful about the generalizations you make. But
21 certainly what Mr. Allen wrote was entirely plausible, and fit in
22 with things as we understood them at the time.

23 W. Do you recall being aware that he submitted that
24 opinion in September, on September 8, or in that time frame?

25 C. Yeah. I don't specifically recall ~~to~~ it, but it rings
26 a bell that something like that went forward. And, go off the

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1 record.

2 W. O.K. We are back on the record. Mr. Cave, during this
3 period of time, let me put you in the August-September-October
4 1986 time frame. Were you providing advice to North or
5 Poindexter on yourself on whether there was any flexibility being
6 shown on the Da'wa issue?

7 C. By the Kuwaitis? On the--

8 W. I'm thinking really on the, on behalf of the hostage
9 holders.

10 C. [REDACTED]
11 there was nothing that I could really have provided them with.

12 W. So you were not providing them with that kind of
13 information.

14 C. Not on that specific issue. [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]

19 But--and also, based on my own
20 experience in the area, I thought that the hostage takers and the
21 Iranians are going to have to make pretty, pretty iron-clad
22 guarantees that there would be no more operations run against the
23 royal family in Kuwait before there would be any motion on the
24 Da'wa prisoners.

25 W. How would, let me ask you just hypothetically, what
26 kind of a, what kind of an iron-clad agreement could a group as

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1 shadowy as the Da'wa give to a, basically to a government on
2 whether they'll continue to perform terrorist acts.

3 C. Now you get into--if you'll go to my report on the
4 final meeting in November in Geneva, one of the things that I
5 argue for, is that, look, the Iranians are going to have to deal
6 directly with the Kuwaitis on this, because they are the only
7 ones that have the influence to make the guarantees and how the
8 Da'wa thing ends is, we have an all day argument [REDACTED]
9 I think on the 9th of November. An exhausting one. It lasted
10 the whole damn day. It was almost entirely devoted to the Da'wa
11 prisoners. And which we said we had done everything we possibly
12 could, it's now up to you guys. And the final thing, he says,
13 O.K., [REDACTED]

14 [REDACTED]
15 [REDACTED]
16 W. O.K. We are going to return to that, later on in--

17 C. Because that is one of the things that I think, where
18 Secretary Shultz in his testimony was way off.

19 W. We are going to get to that, too. So make a mental
20 note of that, and we will definitely get to that. The next thing
21 I want to ask you about, is there was an article that appeared in
22 between the two meetings in Germany. One was on October 6-8, was
23 the Frankfurt meeting, and then there was a meeting in Mainz on
24 October 29-30. In between those two meetings, an article appeared
25 in Newsweek magazine on the subject of the Americans held hostage
26 in Lebanon. And that article, which was dated October 20,

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1 actually came out earlier than that, and it contained the
2 following observation. First, it stated that Jacobsen, Anderson
3 and Sutherland were being held by the Magnia family members of
4 the Mausi clan. Then it went on, and I'll ^oquite ostensibly,
5 "they snatched their victims to trade for seventeen confrairs in
6 terror jailed in Kuwait. But intelligence sources believe they
7 might settle for springing just three Lebanese Shi'ites among
8 them, who have been sentenced to death." First, let me ask you,
9 do you recall this article coming out?

10 C. Yeah. I think I recall it now. We were somewhat
11 concerned about it..

12 W. Why was that?

13 C. We were wondering whether somehow, somewhere, something
14 had leaked on the initiative. But I don't know if anyone ever
15 made any conclusions about it. I don't think security ever
16 investigated, made any investigations or anything.

17 W. Now when you say, we wondered about it. Who was
18 curious about this?

19 C. Well, the people ^{C/NE}that were involved. Charlie Allen,
20 myself, and I think [REDACTED] and Col. North. Somewhere that
21 someone had leaked something to them--to Newsweek. Some person
22 unknown to us. Or whether it was just coincidence that Newsweek
23 had come up--developed this story independently. Its so
24 fragmen--as you know from the article, its pretty fragmentary.
25 So its ²hard to tell. But it gets a little bit close to home, you
26 know, about what we were doing.

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1 W. It was quite close to home at that point, wasn't it?
2 The--I gather then that there was speculation, but no
3 investigation, that you know of made on who the "intelligence
4 sources" were who were the source of the Newsweek article, is
5 that right?

6 C. That's correct. Because in a situation like that, if
7 you investigate, you only call attention.

8 W. Now there are--the White House put out some press
9 guidance on this, which was dated October 14, and the press
10 guidance said that the, it had a series of questions that posed
11 and then answered itself, and in response to the central theme of
12 the article, which was that if only three Lebanese Shi'ites were
13 released, the hostages could come home. At least Jacobsen,
14 Anderson, and Sutherland. The press guide then said, "the
15 question is not whether we would seek the release of three or
16 seventeen prisoners, we will not negotiate the exchange of
17 innocent Americans for the release from prison of tried and
18 convicted murderers held in a third country. Nor will we
19 pressure other nations to do so. To make such concessions would
20 jeopardize the safety of other American citizens and would only
21 encourage more terrorism." Were you aware that the
22 Administration was putting out that kind of press guidance in the
23 wake of this article?

24 C. I can't recall exactly what I knew or didn't know right
25 now, because it's a long time ago. But there is one thing that
26 this has jogged my memory on. One of our concerns was the three

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1 condemned to death. Because we knew that they were never going
2 to get out. And we were worried about that. It was someone else
3 leaking something to the press to tell us what their final price
4 was going to be. But, I don't--I assume that Col. North had
5 played some role in this, in this statement to the press. But I
6 don't know that for a fact.

7 W. Now the statement to the Press would have come on the
8 heels of the Frankfurt negotiations.

9 C. Frankfurt negotiations.

10 W. And the Frankfurt negotiations resulted in what Albert
11 Hakim has agreed ought to be called the Hakim Accords. Otherwise
12 known as the nine-point plan, which maybe that's a term you would
13 prefer.

14 C. Actually if you look at them, they are not much
15 different. It's just an expansion. The original seven-point
16 proposal that was given to the Iranians in Tehran.

17 W. O.K. Well, I want to go over that plan with you in
18 some detail. First, however, there is a--putting aside the Hakim
19 Accords, there is a October 10 PROF memo, which was reproduced in
20 the Tower Report, only it omitted Point 3. Point 3 reads, "Copp
21 and Sam help prepare a plan for approaching the Kuwaitis to
22 guarantee no more terrorism against the Amir and by which the
23 Amir will use a religious occasion to release some of the Da'wa."
24 They will take this plan to the Hizballah as their idea (face-
25 saving gesture) with the Hizb." Do you recall that being part of
26 the nine-point plan, reduced to the seven-point plan on a PROF

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1 note.

2 C. Yeah, I recall that. I recall this. As you can see,
3 the plan that we finally gave them was what had come up at the
4 November 9 meeting in Geneva, with which you guys have gotta pick
5 up the ball and run with it. We've done everything we can. Now
6 the only thing that I know of that was done--excuse me a minute
7 while I take a look at this. I don't know if it was this
8 meeting, but at some point what the Iranians told us was that
9 they were concerned about the five that got the short terms. Of
10 these seventeen, three were sentenced to death. Nine got medium
11 to long prison terms, and five got very short prison, I think it
12 was just four years or something like that. What they were
13 concerned about, is that the Monias people, was that the five
14 would not be released when their terms were up. Now, the only
15 commitment that I can recall that was made to the Iranians was
16 that Col. North said that he or Admiral Poindexter would talk to
17 the, I think the Kuwaiti Foreign Minister about this, to see if
18 in fact the Kuwaiti's would release these guys when their term
19 was up, and my understanding--I can't prove it--but that actually
20 took place, because the Iranians were subsequently told that
21 these people would be released when their terms were up.

22 W. O.K. Let me first just make it clear for the record
23 what I have handed to Mr. Cave and what he has read as a PROF
24 note, dated 10/10/86 with the, and the time of the PROF note is
25 215531 hours. It bears our Committee identifier of N12176 and it
26 has a page 213 up in the upper right-hand corner. Now, Mr. Cave,

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1 I'm going to return to the subject of the negotiations in
2 Frankfurt later on this afternoon, but the reason I put that PROF
3 note in front of you is that that PROF note is based on the
4 Frankfurt negotiations, is that correct?

5 C. Yes, that's correct.

6 W. And the note does contain in it, a description, in
7 general terms of an effort that--an undefined effort--that you
8 and General Secord are going to undertake to see if some of the
9 Da'wa can be released. Is that correct?

10 C. What it was, is that we were supposed to come up with
11 some sort of plan of action for the Iranians with regard to the
12 Da'wa.

13 W. Right. And that's what is embodied in point three.

14 C. That's embodied in point three.

15 W. O.K. Now, my question is, this, the PROF note appears
16 on October 10. The article appears not long after that because
17 the press guidance on it is dated October 14. Do you know
18 whether any consideration was given to whether this press article
19 was leaked in order to support the effort that had been made in
20 Frankfurt by preparing public opinion for partial release of the
21 Da'wa prisoners?

22 C. No. I have absolutely no information about any
23 purposeful leak of that type.

24 W. And what I'm saying, and I know you are reading me
25 clearly, is that, is whether this leak might have come from
26 within those people who were participating in the Iran

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1 initiative.

2 C. I know nothing about that, no.

3 W. Again, this is another cameo subject I'm going to take
4 out of the Frankfurt and Mainz negotiations, before I go into
5 them in great detail. You were aware that [REDACTED] as
6 he was known in the pseudonym, one of his pseudonyms, was an
7 intelligence officer with revolutionary guards, is that right.

8 C. Our first indication was when we were in Tehran,
9 because when he was introduced, Ghorbanifar told me out in the
10 hall that he has an intelligence connection.

11 W. You didn't know that already?

12 C. No, this was when--we'd never met the man until we
13 arrived in Tehran.

14 W. Were you not aware that he participated in the
15 Frankfurt meetings in February of '86?

16 C. Oh, no, no. I wasn't aware of that, that this was the
17 same guy. No. No. I mean, when I first--the first time I knew
18 anything about him was when he was introduced to me in Tehran.
19 And Ghorbanifar on the side said that this is an intelligence
20 officer. And I think that's the first time that we were told
21 that he had any kind of an intelligence function.

22 W. Did that come as news to you now that he was--he
23 participated in the February meeting.

24 C. Yes. I didn't know that it was he that participated.
25 I never knew that.

26 W. Albert Hakim advised us that it was one in the same

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1 person.

2 C. I wonder why Albert never told me?

3 W. I can't answer that. General Secord would have known
4 as well.

5 C. They never told me that he was--is all I, is that it was
6 [REDACTED] and one or two other Iranian military officers. They
7 were described to with me.

8 W. Well, Hakim and--well I know Hakim specifically--
9 advised us that the man he called the engine was present at the
10 February intelligence briefing that General Secord, under the
11 pseudonym of Richard Adams, performed for the Iranians.

12 C. Learn something every day.

13 W. I believe the background information on the relative [REDACTED]
14 [REDACTED] was that he, too, had a revolutionary guard background,
15 is that right?

16 C. Yes. He had been in the revolutionary guard ever since
17 he got out of high school.

18 W. Now, the revolutionary guard is distinct from the
19 Iranian army, is that not correct?

20 C. That's correct.

21 W. And that's the military arm of the--would it be fair to
22 say of the more radical element within Iran?

23 C. No. I think that what brought about the revolutionary
24 guard was the mistrust by the clergy of the military, of the
25 regular military. Almost an exact replica of what happened in
26 the Russian revolution, is that the Red Army was created by

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1 Trotsky to replace the regular military organization, and what is
2 happened in Iran is that the Rev Guard is gradually replacing the
3 regular military in Iran.

4 W. They are not considered to be more radical than the
5 Army itself?

6 C. They are considered to be, they are considered to be
7 more radical, because the military was pretty much ~~political~~,
8 and these guys were organized you know, initially for political
9 purposes. They were the arm, they were the executive arm of the
10 revolution, so to speak.

11 W. The members of the Revolutionary Guard would be more
12 properly characterized, true believers than members of the
13 regular army. Is that fair to say?

14 C. That's fair to say.

15 W. Do you--were you aware who was getting--let's limit
16 this to the HAWK spares. Do you recall who was getting, or did
17 you know who was getting the HAWK spare parts? Whether they were
18 going to the regular Army or whether they were going to the
19 Revolutionary Guards?

20 C. They would go to the Revolutionary Guards.

21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 In fact at one point, [REDACTED] told us that the
25 military approached and said we hear you guys got some TOWs, we
26 need them. And they didn't give them to them. In fact, they

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1 were saying if when this whole deal goes through, if we get all
2 the TOWs, we are going to sell some of them to the military.

3 W. That sounds like a close, professional relationship.

4 C. [REDACTED]

5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]

10 The fact is, you know all through the
11 meetings with the second channel, they say that Israel's
12 footprints can't be in this at all. And, one of the, I think one
13 of the real motivations for Israel to contact on this, is that
14 they desperately want a strategic relationship with Iran, and by
15 1984 they began to see that unless the United States gets back in
16 a position of influence in Iran, there is no chance for them.

17 W. This remark that the relative [REDACTED] made, about
18 the Army coming to them for the TOWs. Were these the February
19 TOWs, the 1000 TOWs they received in February, or the later
20 October shipment?

21 C. This was the--he told us this--I think it was the
22 thousand--he was referring to the 1000 TOWs. Because he told us
23 this when we made the arrangements for the final 500 shipment at
24 the end of October. Even aside he said, you know--he had a good
25 sense of humor--and he said, "you know, the military had
26 approached us some time ago when they heard we had gotten some
TOWs, and they wanted some." He says, "well, when this whole

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- 1 deal goes through we are planning on selling them some." At
2 exorbitant prices, I might add.
3 [END OF SIDE 4]

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1 SIDES 5 AND 6 - TCW/km
2

3 W. Mr. Cave, do you recall at any point the question of
4 the TOWs actually going to the Revolutionary Guard, rather than
5 to say the Army becoming an issue?

6 C. I don't recall it ever becoming an issue, no. It was
7 an interesting note, as far as we were concerned. The Rev Guards
8 were handling this.

9 W. Did you ever see the finding that the sinisterⁿter(?) was
10 based on?

11 C. Not until after the fact. I was told about the finding
12 when I was brought in. But there was a finding. I don't know
13 whether it was ^{C/DE} [REDACTED] Someone who had seen it had taken
14 notes and said here's what it says.

15 W. The finding -- I'm gonna just go through a portion of
16 it here -- contemplated the United States facilitating efforts by
17 third parties and third countries to establish contact with
18 moderate elements within and outside of the Government of Iran.
19 Let me stop right there because we are going to go a little
20 further with this. Did you consider that the people you were
21 working with, that is, [REDACTED] and this group.
22 Were they which you would consider moderates within Iran?

23 C. I would not use the term "moderate." I would call them
24 pragmatic, and use the Iranian term "mianirow" -- middle roaders.

25 W. Then these personalities were you would consider to be
26 consistent with the general intent of the finding, the moderate
27 element aspect of the finding?

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1 C. Well I think moderate is an unfortunate word, but the
2 people that we had to deal with, and we're willing to deal with,
3 yes, that's who we were dealing with.

4 W. The notion of the finding was that the moderate
5 elements, however advisable the term was, would be provided with
6 arms and equipment and related materiel in order to enhance their
7 credibility and that the arms would assist the moderates in their
8 effort to achieve a more pro U.S. government in Iran by
9 demonstrating their ability to obtain requisite resources to
10 defend their country against Iraq and intervention by the Soviet
11 Union. Knowing what you know about the dealings with [REDACTED]
12 and [REDACTED] and the others, was this group we were dealing with
13 consistent with the intent of the Finding?

14 C Pretty much so. I think if I'd have been involved at
15 the original writing of the Finding I would have liked to word it
16 otherwise. But I don't think that is inconsistent with what we
17 were trying to do and with the people that we were dealing with.

18 W. And this is, you would say this notwithstanding that
19 the effect would be also to strengthen the Revolutionary Guard,
20 vis-a-vis, the Army, is that correct?

21 C. Well, the question was, is that you have to pick an
22 element to deal with in Iran. That is part of the strategic
23 relationship. And what we were dealing with is that--was the one
24 that was the only one willing to deal with us. This was
25 Rafsanjani's faction, and what made him politically powerful is
26 his control of the Majlis, and the large scale influence he has

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1 among the Rev Guards.

2 W. North's notes reflect that at some point, it's an
3 isolated entry, but it--in early November he has a note that
4 [REDACTED] has the ambition to build an airwing for the
5 Revolutionary Guard. Were you aware that he was considering
6 something that ambitious?

7 C. The, I think that he is not talking specifically about
8 [REDACTED] doing it, [REDACTED]
9 the Rev Guard has been actively engaged in building an airway,
10 and has actually bought aircraft, and have done considerable
11 pilot training.

12 W. The, just for the record, the note does say [REDACTED] wants
13 to build an airwing, but I think that that's a minor point.

14 C. I think he's speaking in terms of the Rev Guard when he
15 speaks about [REDACTED] Because, I remember, you know, I remember
16 some discussions about this.

17 W. Did these, the discussions that you recall, were these
18 in Germany?

19 C. I think that, yeah, the two meetings that he obtained
20 were the initial one in Frankfurt at the beginning of October,
21 and then the November one which we had in Geneva. The 8 through
22 10 November meetings.

23 W. Let me back up just briefly onto the Revolutionary
24 Guard point we were discussing earlier. Just to make the record
25 clear on this. To your knowledge was there any point where
26 senior officials sat down and thought through the--whether giving

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1 arms to the representatives of the Revolutionary Guard was
2 consistent with the Finding? Do you recall a discussion like
3 that at all?

4 C. I don't recall a discussion like that, no.

5 W. In the--in your notes of the meetings in Washington,
6 the first meeting in Washington with [REDACTED] you note that he
7 told you that [REDACTED] had "played a role" in the kidnapping of
8 Frank Reed. Do you recall that?

9 C. Yes. He told me that they thought, and they were
10 investigating it. But, in subsequent meetings, he told--they
11 never turned up anything. He said he thought--the reason why he
12 said this is that they thought maybe the radical faction was
13 trying to create more problems for the moderates. He says, you
14 know, there is no--in Tehran it's well known that Rafsanjani was
15 against the taking of hostages. And, since [REDACTED] was involved
16 in this, and is also a member of the radical faction, he may have
17 played a role in the taking of Reed.

18 W. Did--in your subsequent negotiations, did you--when I
19 say you, the Americans collectively, press the Iranians on the
20 status of our investigation of this?

21 C. The only thing I can recall is, oh, uh--I think it was
22 during the Mainz meeting that he said that they hadn't come up
23 with anything.

24 W. Were they undecided, or were they--or they had
25 demonstrated that he was not involved?

26 C. Well, I don't know--we don't know. They just told us

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1 that nothing has come of the investigation. [REDACTED]

2 [REDACTED]
3 [REDACTED]
4 [REDACTED] But, they--we could never get any
5 followup out of them on it. And that might be typical Iranian
6 that, well, we're not going to tell the Americans that. It
7 might--they just said, well, we haven't gotten anything.

8 W. But ^{if} ~~in~~ [REDACTED] had been involved in Reed's kidnapping,
9 that would have been a breach of all understanding with him, is
10 that not correct?

11 C. Yeah. I was kinda doubtful of that, because, you know,
12 I had called [REDACTED] immediately after Reed was kidnapped. And
13 [REDACTED] and he's no actor, sounded really astonished.

14 W. The--let me point this out. In your note of the
15 meeting you don't contain--you don't inject any editorial comment
16 on whether you believe what the relative is saying or not. Did
17 you have an opinion at that point?

18 C. Well, I think it's the way he said it. He said that
19 there is, you know, like there is some indication that [REDACTED]
20 may have been involved in the Reed kidnapping because they
21 suspect that the radical faction is doing it. And since [REDACTED]
22 is involved with us, he may have played a role. But I thought,
23 maybe I should--I thought it was pretty speculative on his part.
24 I mean, he was saying, here's an event that happens in Beirut,
25 and we think this may have happened. Now, I think that they,
26 they told us subsequently that they thought another group was--

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1 and I had a big go around with [REDACTED] on this--and he told us
2 at the beginning of October that they hadn't been able to
3 determine who it was that took Reed and Ciccipio.

4 W. Later, I think in early October, North prepared a
5 memorandum for Poindexter where he attributed the Ciccipio
6 kidnapping to [REDACTED] Do you know what he might have been
7 basing that on?

8 C. I don't recall at the time--I think that we were--by
9 this time, you know, we were very concerned, there was a lot of
10 speculation going since we were changing channels and everything,
11 what might happen. And incidentally, there were several phone
12 calls by [REDACTED] and me where he was trying to find out what was
13 going on. He kept asking me about Brussels. Are we going to
14 follow that up? And, I, oh, just sloughed him off. But, I
15 didn't--I never saw that memo. I never--Col. North didn't send
16 us copies of his memos. We sent him copies ^{of} ~~our~~ ours, but he
17 never sent us copies of his.

18 W. But you are not aware of what he might be basing that
19 statement on?

20 C. I can't, I can't recall at the moment what he's basing
21 that statement on. Other than what I'm talking--you know, we
22 were concerned about the change of channels. Whether that would
23 effect--whether that had any effect on the taking of the two
24 hostages or not.

25 W. Let me, let me turn again to another subject. This is
26 also during the Washington meeting with the second channel,

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1 [REDACTED] In that meeting, according to notes that General Secord
2 took, [REDACTED] advised all of you that William Buckley was not
3 killed, that he died of natural causes, that he had three heart
4 attacks. There is no indication in the notes that anybody
5 challenged him on his assertion that Mr. Buckley died of natural
6 causes. [REDACTED]

7 in fact he died of complications from beatings.

8 C. From beatings, yes.

9 W. Do you recall the relative making that assertion?

10 C. Yeah, I rem--uh--I--uh--we asked him about ill-
11 treatment and everything, and he said he had no information on
12 that. But that he had not died of torture as reported by the
13 press, but had died of natural causes. We subsequently learned
14 of course, that he did die of natural causes, but the natural
15 causes were brought about by his ill-treatment. And the fact
16 that they didn't get him any medical attention that was worth
17 anything. Uh, the great concern about--cause he told us that
18 they had 400 pages of interrogation that he had been put through
19 while he was being held captive. And also he made the commitment
20 to held--to try and locate the body.

21 W. On the subject of how Mr. Buckley died, were you, and I
22 say you collectively, was the American group credulous of this
23 information? Did they give it some credence, or did they feel
24 that the relative was giving them--was basically jerking their
25 chain on how Buckley had died?

26 C. We were doubtful--well, we immediately rejoined you

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1 know. Well, we understand he's been subject to serious, you
2 know, torture, and the relative's response to that was that he
3 had no information on that.

4 W. Now, Secord's notes don't show any rejoinder. But you
5 recall a rejoinder?

6 C. Yeah, there was. And that, oh, uh, we were very much
7 concerned--then he told us about the notes, about getting hold of
8 the notes. And they promised us that they would get them--give
9 us the notes, and also, as part of the deal, we definitely wanted
10 his body returned. But there was some incredulity expressed by
11 those there.



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16 W. That [REDACTED] did not have sufficient contact with the
17 Revolutionary Guards?

18 C. That's correct.

19 W. Let me ask you this. Did you, did you pose to the, to
20 [REDACTED] or to any Iranian in the second channel, the story that
21 Buckley was lifted from Lebanon and brought to Iran, and tortured
22 in Iran?

23 C. I think that was done by Col. North. And, as I recall,
24 [REDACTED] denied it. And I think this was at one of the late
25 evening sessions in Washington.

26 W. There was sort of a parallel story that went along with

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1 that -- a story that might be placed in lieu of that story. And
2 that is that rather than having been taken to Iran and tortured
3 that he was tortured but under the guidance and direction of
4 Revolutionary Guard officers in Lebanon. Do you recall that
5 question being posed to [REDACTED] or anyone else in the Second
6 Channel?

7 C. I don't recall that question being posed [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
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24 [REDACTED]
25 [REDACTED]
26 [REDACTED]

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Pages 77 and 78

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4 W. Did you go on the White House tour?

5 C. No.

6 W. Do you know who did?

7 C. I think it was just, oh, Col. North and [REDACTED] -was
8 Hakim there?9 W. Well, somebody would have had to be a translator. I
10 think Hakim was.11 C. I guess Hakim went along as a translator. No, I was--I
12 stayed in the office to write something up. I forget what it
13 was.14 W. O.K. Let me stop right here and turn the questioning
15 over to Jack Taylor.

16

17 EXAMINATION BY JACK TAYLOR

18 T. O.K. I'm going to--do you want to take a break?

19 W. This is to you transcriber, whoever you may be. I'm
20 instructing Jack Taylor in the use of this higher form of
21 technology. Jack is going to be asking a few question of the
22 witness, and it should be noted at some point that he has taken
23 over questioning. I think he'll identify himself for the record.24 T. My name is Jack Taylor, investigator with the House
25 Select Committee, continuing the questioning. [REDACTED]
26 [REDACTED]

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Pages 80 to 86

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1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 we were very alarmed about the pricing.

6 T. Uh-huh.

7 C. And, uh, because that's a hell of a--we knew what the
8 damn things were costing. That was a hell of a mark-up. I think
9 the total cost for the two high-powers, and all of the spare
10 parts and the 508 TOWs only came to about \$10 or \$11 million.

11 T. Right. As we, I think there was about \$12--

12 C. Well, that was for everything.

13 T. Everything. Including the shipping, the freight.

14 C. We never did ship the two radars. But the price for
15 the radars and the TOWs and the spare parts -- I think the total
16 of that came to just under \$10 million.

17 T. So, at this point, you've had a meeting on the fourth
18 of April with Ghorbanifar. And you had another meeting in May in
19 London with Ghorbanifar. And you had another meeting in May in
20 London when he was discussing these particular parts.

21 C. He already knew the price because I think it was
22 transmitted to him via North and Nir.

23 T. Do you know when that happened?

24 C. No, I don't.

25 T. Did you participate in any pricing discussion in April
26 in Washington, D.C.?

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1 C. Well the only thing that I participated in was what we
2 got from our logistics -- is the price of it -- and we passed
3 that on to Col. North.

4 T. And that's the DoD price that you received from
5 logistics that was provided by the Department of Defense. Okay.
6 You didn't hear North -- or were you privy to the conversation --
7 when North discussed with Ghorbanifar the prices at all that
8 were different from the ones at DoD.

9 C. No, they were very careful about that. I don't know
10 whether they were purposely keeping me compartmented. I don't
11 ever recall any -- the only thing that I recall about pricing
12 with Nir and North are two things. One was about the 1000 TOWs.
13 When we met in Paris, Nir complained that North had sold them too
14 cheaply.

15 T. Okay. And what was the other?

16 C. And the other was in Tehran when I raised the question
17 about the cost that Ghorbanifar had asked me to back him up on --
18 the twenty-four and one-half million for the HAWK spares, and
19 then I called this to North's attention and we got hold of Nir --
20 we were out in the _____. And Nir, the only time he ever
21 said anything like it in my presence, he said, well some of it is
22 based on your mark-up. Now what he meant by that, I don't know.
23 We knew that the expenses for all this stuff were being paid out
24 of moneys also generated by the sales.

25 [REDACTED]
26 [REDACTED]

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Pages 89 to 90

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24 T. All right. Let me just take a break here. I'm going
25 to take a look at my notes. There is one question along that
26 line, for the sake of my report again, and the accuracy of it.

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1 Did you indicate that early on in the operation you had suggested
2 to CIA officials that, that--you mentioned already that you
3 should have as few service officers--is that the phrase you use?

4 C. Serving officers.

5 T. Serving officers, as possible to be witting or involved
6 in this operation. Did you also have an understanding with
7 anyone at any time that you should not be present when pricing
8 was discussed?

9 C. No. I had no such understanding. My, my whole point
10 on the serving officers was that this was a--there were two
11 aspects to it. And to keep the knowledgeability very limited,
12 one, was the sensitivity of the operation, and the fact that it
13 was very high risk. And the kind of thing that when it blows up
14 it could destroy careers. And I didn't want any serving officer
15 putting his career at risk, when I could do it without any. I
16 don't have a career to risk.

17 T. O.K. Now I along that--taking that a step further
18 then, you were allowed access to all conversations involving
19 pricing, but there may have been conversations where you just
20 weren't, you weren't aware of them, huh?

21 C. Oh, I was not involved--I mean, we--the way--it
22 appears, what I understand about the pricing. We would get the
23 DOD pricing by our office of logistics, and give that to North.
24 And then North would deal with Nir and Ghorbanifar on the prices.
25 And, in my--in hindsight, they were very careful not to talk
26 about the costs in my presence. There weren't any other CIA

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1 officers present. Once they got the price that they had to pay
2 us, then we were out of it.

3 T. So your first sense of alarm then was in May, when you
4 [REDACTED] put the absolute price together with
5 those.

6 C. Yeah. This was an awful, awfully large mark-up.

7 T. And, again for the record to clarify my report, what
8 was your response to North when you read that?

9 C. We brought that to North's attention, and I don't--he
10 really didn't have much to say at that time, except to agree with
11 us that this was a, quite an egregious mark-up because at the
12 meetings in April with Ghorbanifar, he told us that he was going
13 to mark up the cost 60%. He would add his expenses onto the
14 cost, and then mark it up 60%. That seemed to be a lot more than
15 60%. He told us, he told us in London that his expenses that he
16 had incurred, with regard to this shipment, were about \$350,000.
17 So I never, I never got much of a reaction out of North when we
18 brought this up. [REDACTED] I
19 got more of a reaction out of him in Tehran.

20 T. O.K. Stepping back to the April 4 meeting in
21 Washington, D.C., you did write a report, I think, following that
22 meeting in which you synthesized the conversations that were held
23 over that, I guess a day and a half or two day period where you
24 met with Ghorbanifar.

25 C. Yeah, we met with him on April 3, and then I saw him
26 briefly the morning of the 4th before he took off to see his

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1 girlfriend in California.

2 T. O.K. And in one part of your report you mentioned that
3 Ghorba began discussing his cut at the Washington, D.C. meeting.
4 I assume again his cut would be a percentage of--

5 C. Yeah. He would--

6 T. --of the payoff.

7 C. He said that he would add his, add his expenses to the
8 price and then add 60%.

9 T. O.K. That was the same figure you just discussed with
10 me now.

11 C. Yes.

12 T. Gotcha. And I take it again as I asked earlier, you
13 did not discuss pricing for the 240 and the radars other than
14 what DOD had given you at that meeting.

15 C. Yes. It's all we'd do. We would give that material
16 to, oh, uh, Col. North.

17 T. O.K. Stepping to another subject, there was a lot of
18 confusion over the necessity of a preadvanced trip to Tehran, or
19 Kish Island, or wherever, and this confusion carried all the way
20 through, I guess, not necessarily confusion, but perhaps
21 controversy over whether or not a trip should be held, continued
22 all the way from early March up through early May, I guess, as to
23 when--

24 C. By the end of April.

25 T. End of April?

26 C. A decision was made that we wouldn't go.

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1 T. And there was some, there was a plan to, I think at one
2 time, meet with [REDACTED] in Frankfurt, before you actually
3 traveled to Tehran.

4 C. Well, what the meeting with [REDACTED] was decided as
5 superfluous. One of the problems is is we can't, we couldn't
6 believe that this guy could speak with any authority, given his
7 level of intelligence. There was a lot of discussion about North
8 and myself and Ghorbanifar. Ghorbanifar said he would hire a
9 private jet and we'd all fly in and we could talk for, you know,
10 one day, and fly back out. That was, that was scotched, I think
11 by the, to the best of my knowledge, by the White House as being
12 too dangerous.

13 T. O.K. Did you ever get to the point to where the
14 Administration had agreed at one point, where they were going to
15 send you, and you said you and North, at one point were
16 considered?

17 C. Yeah. That was, that was, it was really a proposal
18 that just never got approved.

19 T. General Secord testified that at one point he was to go
20 in and do the same, conduct the same affair, as a pre-advance
21 meeting to determine an agenda prior to McFarlane's trip.

22 C. That was very early on, I think, before I got involved.
23 And then, because when we were talking in early April, it was
24 going to be just myself and North, and Ghorbanifar flying in.

25 T. O.K.

26 C. And that was scratched.

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1 W. This is Tim Woodcock again. Mr. Cave, what was it that
2 was, that the Administration perceived was too dangerous about
3 the advance trip.

4 C. Well, I think that we really didn't know that much
5 about who we were dealing with. I mean the only--as far as we
6 know the only guy on the other end you know, was [REDACTED] And,
7 there was a lot of uncertainty, there was considerable mistrust
8 of Ghorbanifar, and it was decided that we just didn't want to
9 take the chance.

10 W. The plans for the meeting in Iran originally, of
11 course, centered on Kish Island, but the plans for the meeting in
12 Iran began to develop either during or on the heels of the
13 Frankfurt meeting in February. Were you aware of that?

14 C. Yes, I was aware of that. We--this was just general
15 discussion. It was at the meeting in March in Paris that
16 Ghorbanifar told us that the Iranians had agreed in principle to
17 a high-level U.S. delegation coming to Tehran.

18 W. There is, there are a series of PROF notes and
19 memoranda that, that go all the way through March and April that
20 place the meeting, the one that McFarlane was going to
21 participate in, as being imminent within a week or ten days, and
22 it keeps receding on the horizon.

23 C. Yeah.

24 W. How do you square the imminence suggested in those
25 memoranda with your statement about the advance meeting being too
26 dangerous?

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1 C. Well, I don't, I don't, I was not aware of the
2 discussion which led to the cancellation of the advance meeting.
3 Because that was done over at the NSC or the White House. I
4 wasn't privy to that. Cause all I got from North is that they
5 decided not to do it, and that we'd go ahead with the regular
6 meeting based on the guarantees that I was getting over the phone
7 from Ghorbanifar, one channel, and also from North via Nir. I
8 mean from Ghorbanifar and Nir via North on the other side. And
9 the decision was made to scratch the preliminary mission and to
10 just go with the regular trip to Tehran with McFarlane meeting
11 the party.

12 W. Correct me if you have contrary information, but I was
13 always under the impression that the McFarlane meeting that's
14 proposed in the PROF notes beginning as early as late February
15 and in PROF notes and memoranda, through March and April, is
16 delayed primarily because the financing for the transaction is
17 not yet put together.

18 C. Oh, that, that's true. No. I'm sorry if there is some
19 confusion. I was confusing the, uh, the preliminary meeting that
20 didn't come off with--yeah, we kept telling them that we can't,
21 we can't come, we can't do this deal until after the financing
22 for the parts, because, you know, one of the proposals was that
23 they release the hostages and we bring in the parts. And then,
24 well that no--you gotta come in first with the parts, then we'll
25 release the hostages, and then we got down to O.K., well we'll
26 come in with a group and a small percentage of the parts, and

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1 then you guys release the hostages, and then we'll bring the rest
2 of the parts in. No, no, you are correct in that, and the delay
3 is that we did not--we couldn't buy the spare parts because we
4 did not get the money into our account until the 16th of May, I
5 think it was. And then we had to take the time, you know, to
6 ship the material to--pre-position the material in Israel.

7 W. O.K. I'm not going to dwell on this, but where you are
8 losing me on this is that from the notes and memoranda, it seems
9 as though money--the lack of money is holding up the McFarlane
10 trip, and that with money the McFarlane trip could have happened
11 as early as sometime in April. If your advance trip was too
12 dangerous to be held, what was it that would have made the
13 McFarlane trip safer?

14 C. That's a good question. I think that the problem was,
15 is that--I, I honestly can't answer you. Because all I know is
16 the preliminary trip was cancelled, but the McFarlane trip was
17 approved on the basis that we thought we had reasonable enough
18 assurances by [REDACTED] and Ghorbanifar. Now the money, of course
19 the hold-up on the money was, we needed the money before we could
20 buy the spares, and we had to have the spares pre-positioned in
21 Israel before we could go in. I can't really clear up--I
22 honestly don't know why the decision was made to scratch the
23 preliminary mission. I thought--in hindsight, it would have been
24 better had we gone.

25 W. Let me just ask one more question on this. Or two more
26 questions. The decision to scratch the advance meeting was made

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1 to your recollection, when, and by whom?

2 C. I know that by the end of April it had gone--cause--you
3 know, if you'll see, there is--we'd even had a date for going,
4 Ollie and I, somewhere around the 17th of April, something like
5 that. We were going to go in. And we within about 48 hours of
6 going when it was scratched. So it was sometime, I'd say around
7 the third week of April.

8 W. Now let me put some information in front of you. Or
9 before I get to that, who was it who scratched it?

10 C. I don't know.

11 W. It was not North himself, I gather?

12 C. No. Cause North wanted to go. I thought it had to be
13 someone in the White--you know, Admiral Poindexter, or someone in
14 the White House.

15 W. In late April, I think you are probably aware now from
16 the Tower Report if you weren't aware at the time, Ghorbanifar
17 and Nir and Khashoggi, who were in search of financing,
18 approached Tiny Rowlands in England--

19 C. We were aware of that at the time.

20 W. --as a result of that approach they, Rowlands, went to
21 the British Embassy and said I--

22 C. The American Embassy.

23 W. --excuse me, to the American Embassy, and said, is this
24 an American operation? If so, he was interested in it.
25 Otherwise, he was not interested in it. That information,
26 according to the Tower Report and PROF notes that we have, was

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1 transmitted to George Shultz by Ambassador Price. Shultz was at
2 a summit meeting in Japan with Poindexter and the entire
3 Presidential entourage. Shultz confronted Poindexter, who denied
4 to his face that the U.S. was affiliated with that initiative.
5 Now my question to you is, do you know whether, since Poindexter
6 had denied that this initiative was an American initiative to the
7 face of Secretary Shultz, your advance meeting was killed in
8 order to limit any possibility that Americans might go to Tehran
9 and Poindexter might be proved wrong?

10 C. No, I can't answer that. I don't know. I honestly
11 don't know.

12 T. Jack Taylor back. I sounded like a sportscaster,
13 right?

14

15

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21 T. How close at that stage were you to going to Tehran?

22 C. Well, we hadn't even had the meeting. This was the
23 third of May, right?

24 T. This would have been. Right.

25

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1

2 C. There was a disconnect between--the only way I can
3 explain that is a disconnect between Ollie and Nir and
4 Ghorbanifar. Because, as I told you by that time, the idea of us
5 going on a preliminary meeting was--

6 T. Entirely scotched.

7 C. --entirely scotched.

8 T. All right. Then I take it another trip to Frankfurt
9 was replaced by a trip to London in early May to where you
10 actually met with Ghorbanifar, but not with [REDACTED]

11 C. That's correct. We met with Ghorbanifar and Nir.

12 T. O.K. And that would have sort of been a pre-advance, I
13 guess, or the closest thing you can get to a pre-advance.

14 C. That was when we finalized the deal, and he was rushing
15 around trying to get money. They were trying to get money
16 transferred into Nir's account.

17 T. O.K. I'm going to stop here.

18 [END OF SIDE SIX]

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1 TAPE SEVEN -- TCW/s1

2 T: The House Permanent Select Committee on Intelligence
3 has asked me to uh, uh, provide three questions to Mr. Cave,
4 which I'll try and do my best at. The first question [laughter].
5 The first question deals with the DDI Analysis of the Iran
6 factionalism that was analyzed by those people during the time of
7 the initiative. And I think the first indication that they would
8 be dealing with is Mr. Fuller's Memorandum. Which was, what,
9 about June 1985?

10 ? : Yes, it might even have been May of 1985.

11 T: May 1985. And then later on about 6 or 8 months, I
12 believe another, um, memorandum was prepared by uh, DDI again.
13 It was approved, which took a different swing or a different
14 stance altogether on the factionalism in Iran.

15 C: I knew about _____ but I don't think I knew about
16 the second one.

17 T: Okay, you've discussed this somewhat today already,
18 about the moderate versus the radicals and the line 1,2,3 and
19 your own perception of that. Did you agree with the analysis as
20 provided by DDI as to these factions?

21 C: This is the analysis that was prepared in the fall of
22 1985?

23 T: Yes.

24 C: Uh. . . I never saw -- believe it or not, I never saw
25 that analysis. I don't think I knew.

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1 T: Did you, there was a later, one later, prepared though,
2 I believe, again discussing line 1,2,3 and uh. . .

3 C: I would have a hard time now, you know, this far down
4 the road. I didn't pay much attention to a lot of the analysis
5 of Iranian internal politics that was going on by the DDI back in
6 those days.

7 T: Okay.

8 C: So, I can't honestly give you an opinion of what I
9 thought then, I don't even think I read the damn thing.

10 T: Okay, let me try this. This is very specific, I think
11 I do recall something that might be of help here. It was
12 mentioned to me that Mr. Gates had indicated that intelligence
13 that was being brought out regarding the factions was fairly
14 accurate and good intelligence and was conveyed to NSC and other
15 recipients or users of that intelligence. Uh, that was explained
16 to me. Would you agree with that, at this point?

17 C: Well, good is a relative term. You know, it could have
18 been a lot better. We were getting some pretty good information
19 [REDACTED] yes.

20 T: Okay. So, you would agree at that time. At that time,
21 you would have agreed that it was fairly good intelligence?

22 C: Yeah, we knew that, we knew that there were fairly well
23 definable factions within the senior level of the government.

24 T: Okay, if I haven't asked those questions correctly,
25 I'll hear about it later but that's about the only thing I have
26 along that line unless you have some yourself. Okay, the second

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1 line of questioning deals with the uh, relationship between
2 North, McFarlane, and Poindexter. I guess the best way to
3 describe this would be a chain of command relationship. I'd like
4 to hear your point of view regarding how North used the chain of
5 command to your knowledge. Did he abide by it or did he
6 completely ignore it in some instances, and let me give you an
7 example. [REDACTED] ^{C/N} has described North as sidestepping his
8 direct supervisor, Mr. Poindexter, on occasion when perhaps
9 things did not agree with North as far as directions coming from
10 his supervisor he often went to DCI Casey with what he thought
11 should be the game plan. Uh, do you have any background or
12 information on this?

13 C: Yes. First, let me say this, North was religious in
14 reporting everything back to Casey, uh not Casey but Poindexter,
15 excuse me. You have all the PROF notes. He was religious about
16 it. In fact, it used to ^hark me because I'd get hungry about 9
17 o'clock at night and he's sitting there with that damn KL-43
18 poking out messages to send back to Poindexter. He religiously
19 reported everything that he did. Now, on -- there are certain
20 junctures during this initiative where Poindexter would disagree
21 or have doubts about whether they would go ahead. And, on at
22 least two occasions North called me and asked me to meet with
23 Director Casey and ask him to weigh-in with Admiral Poindexter or
24 on one occasion, I think it was with Don Regan -- to get the
25 thing moving again. Because Poindexter had doubts about the
26 wisdom of proceeding with a couple of times, particularly I think

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1 it was one of the times when Jenco was released, we'd go in and
2 send in the rest of the HAWK spares.

3 T: Okay, another example of that and you may have answered
4 my second question already. [REDACTED] ^{CNS} again, indicated uh, that
5 after the February TOW shipments um, Poindexter did indicate that
6 he wanted to pull out. I think that's been pointed by several
7 people including [REDACTED] ^{CNS} Um, and he uses this instance as
8 an example of when North went to Casey for support to continue
9 the initiative rather than pull out. Are you familiar with that
10 particular one?

11 C: I am not familiar with that particular one. I was
12 talking about two things that happened later on.

13 T: Okay. That would have been very early in your uh. . .

14 C: Because that would have been before. Because, in other
15 words for us to continue and make the March meeting, it would
16 have had to be okayed in the White House by Poindexter.

17 T: Alright. Did you have any questions along that line?

18 W: This is Tim Woodcock again. Mr. Cave, you said that
19 you recalled a couple of incidents where North enlisted your
20 assistance to bring the weight of the DCI to bear on Admiral
21 Poindexter. Do you recall specifically what those two incidents
22 were? What was the issue?

23 C: The one was when Father Jenco's release is um -- should
24 we or should we not send in the rest of the HAWK spares that were
25 in Israel. I know he specifically called me on that to ask Casey
26 to weigh-in, talk to Casey about it, and see if I could get Casey

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1 to weigh-in uh, with Admiral Poindexter that we should go ahead
2 with the shipment of the HAWK spares. Which I didn't cause I
3 thought we shouldn't do it anyway. And there was another
4 occasion, I'm trying to, it had to do with, it had to do with
5 when things surfaced in the press. And uh, I can't remember
6 exactly what the issue was now, but I know it was right about
7 that time he called me and asked me to get Casey to weigh-in with
8 Don Regan, but I can't remember the specific issue. I remember
9 him calling me though. It had something to do. It was after the
10 thing, right after the surfaced, and I think it had something to
11 do with the, oh, uh, November meeting. And I can't remember
12 exactly what it was -- it slipped my mind. But, I know he called
13 me and asked me to call Don Regan. I don't know whether it was
14 his attending it or what. It was something to do with whether we
15 should go ahead with the meeting at the beginning of November or
16 not because I know I went and talked to Casey about it. I can't
17 remember exactly what, but it had to do with the holding of the
18 meeting at the beginning of November.

19 W: Thank you.

20 T: Those are only questions I believe I have, if you want
21 to switch.

22 W: Mr. Cave, I'm going to bring you back again to the
23 subject of uh [REDACTED] and his visit to the United States
24 in July of 1986. You attended, I think, meetings on consecutive
25 days with Albert Hakim and [REDACTED] You produced memoranda of
26 those meetings and I'm going to show you uh, two exhibits, one

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1 has been marked as 1A and one has been marked as 2A and ask you
2 if those are the memoranda that you produced?

3 C: Yeah. Altogether in my incorrect typing.

4 W: Your typing is your trademark. Your memoranda stand
5 out because -- I think it's the machine at home. Is that
6 correct?

7 C: That's correct.

8 W: First, Mr. Cave, uh, during this period of time, the
9 summer of 1986, I believe, that you told me from an earlier
10 interview, that Mr. Hakim had suggested that you have business
11 cards printed out presenting you as an employee of STGTI.

12 C: That was to explain my presence to the other people out
13 at his office.

14 W: That is, his own employees?

15 C: Yeah, his own employees. Like, I was introduced to
16 his, the secretary out there as Sam O'Neil who is going to be
17 working with him. And, the cards were printed to cover that.

18 W: Now, uh, when you met with [REDACTED] I think you
19 told me he recognized you [REDACTED] Is that correct?

20 C: That's correct.

21 W: Do you know whether, or let me put the question
22 differently, did you make plain to him that you were working for
23 the United States?

24 C: Yes, I did.

25 W: What did you tell him your capacity was with the United
26 States?

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1 C: Uh, I forget the exact words I used. I tried to keep
2 it as vague as possible because he knew what my association was
3 and I just let him go along with the assumption I was still with
4 the same people.

5 W: So, for all you know, his assumption would have been
6 that you were still with the CIA. Is that correct?

7 C: That's correct.

8 W: Now, uh, in the uh, the second memorandum, that is the
9 second in time, exhibit 2A, there is some discussion about Albert
10 Hakim pursuing various commercial interest in Iran with [REDACTED]
11 Do you recall those conversations?

12 C: Vaguely.

13 W: Let me ask you to look at exhibit 2A, and in
14 particularly if you would, to direct your attention to the
15 paragraph numbered 3.

16 C: Okay, now I remember. Yes.

17 W: Now, uh, in that paragraph is there is a statement
18 attributed to Albert Hakim that he is, basically that he is going
19 to proceed to open these commercial avenues to Iran regardless of
20 what "we" do. What was he referring to there?

21 C: This was uh, he had two different things in mind. One,
22 was to get some commercial business to cover his activities. And
23 what he wanted to do was sell medicinals, uh, because he had
24 learned from [REDACTED] that the Iranians were buying all of them in
25 Belgium, and he was certain he could get it cheaper and get
26 better stuff for them. The other thing is he had in the back of

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1 his mind, is that he wanted all of the employees of his previous
2 company, the engineers and the technicians were still in Iran,
3 and he had hopes of reestablishing that company.

4 W: And, when it reads that he's going to do this
5 regardless of what "we" do, is that a reference to the United
6 States and its initiative towards Iran?

7 C: That's a reference to our initiative. That he'll do
8 whatever he can to help us with it, but he's going to pursue his
9 commercial interests also.

10 W: In the first memorandum, the first in time, July 10,
11 again in paragraph 3 there's a reference to, and I'll quote it
12 "Sam and Abe told [REDACTED] (which is your letter designation for
13 [REDACTED]) that there was an interest on the part of the United
14 States Government (USG) in trying to use trade to gradually to
15 re-establish relations with Iran. Sam and Abe planned to
16 capitalize on the trade part using contacts in the USG with whom
17 they will coordinate their actions. Now, let me ask you based on
18 that statement, did you have any plans to participate in any
19 commercial activity?

20 C: That's just what we told him, that was part of the
21 thing. No, I have no desire to get involved in commercial
22 activities with Iran. Then or now. That was part of the cover
23 story for what we were doing. And also it fitted in, because Abe
24 was going to get in, not Abe, but you know, Albert Hakim. Uh, I
25 went along with this as if I was part of it.

26 W: But I thought [REDACTED] understood that you were with the

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1 CIA. How does that fit in?

2 C: He did, but I also told him that I had retired and
3 still had my contacts.

4 W: I gather. Do you know whether [REDACTED] would have known
5 your name [REDACTED]?

6 C: Yes, he would've.

7 W: So, you wouldn't have given him a business card with a
8 pseudonym on it, is that correct?

9 C: I did not. No. I never gave anyone any of those
10 business cards, except you.

11 W: And I treasure it.

12 C: I don't know where the rest of them are. He printed up
13 a couple hundred of them and I don't know where they are to this
14 day.

15 W: Well, after this is over they will be sought after
16 collectors items, I'm certain.

17 C: I doubt it.

18 W: In September of 1986, uh, North proposed a, in a
19 memorandum to Poindexter the sequential release of the hostages,
20 you did that via your September 2, 1986 memorandum to Poindexter
21 after he passed the memorandum in he, uh, sent a PROF note to
22 Robert McFarlane stating that "we still have no response from JMP
23 re: proceeding with the sequential release proposal outlined to
24 you sometime back. Have now undertaken to have Casey raise the
25 same with the JMP tomorrow, after weekly meeting. The things one
26 must do to get action." Do you recall being enlisted to bring

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1 the sequential release to Casey's attention so that Casey would
2 bring it to Poindexter's attention in early September?

3 C: I think that North did that directly in a meeting with
4 Casey.

5 W: Were you aware of that at the time.

6 C: Yeah, I was aware of the sequence. By that time we had
7 concluded that the only way to go about it was the sequential
8 release.

9 W: North's notebooks also show that on September 4, he's
10 got an entry it says "go-no go on sequential deliveries" that 's
11 under a meeting with Poindexter and then the entry also mentions
12 the need to talk to Joshua, which I believe was North's code name
13 for President Reagan. Do you recall the sequential delivery
14 issue being brought to Poindexter and then that it was to be
15 brought to President Reagan?

16 C: I think so. I can't. I can't be specific about time,
17 but I know this was one of the things that was to go to the
18 President for his approval. You know, North would tell me, you
19 know that he's discussed several of these things with the
20 President and got approval but, you know, I only had it on, his
21 word.

22 W: Let me shift gears slightly and show you what has been
23 marked as exhibit number 4A. This is a two-page type-written
24 manuscript and it is headlined "Notes on DISSEM concerning Iran's
25 views that it cannot win a war with Iraq. Their need for an
26 "honorable peace," and their fear that the upcoming offensive may

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1 not be successful. If you take a minute Mr. Cave and examine
2 that I'm going to ask you if you can identify them.

3 C: Yeah. I wrote this. I'm trying to re. . . There's no
4 date on this is there?

5 W: That's the next question.

6 C: We had decided, at some point, I forget exactly when it
7 was but we had to start getting some of the information that had
8 been generated by this operation into the system. Like, we
9 finally got, we got North's agreement on it.

10 W: Now, what, what system are we talking about?

11 C: The Dissemination System, in other words, the regular
12 intelligence dissemination system.

13 W: So, it would become available to the intelligence
14 community as needed?

C/NE

15 C: That's correct. Uh. . . both [REDACTED] and I were
16 pretty insistent on this as was, oh incidentally Dewey Clarridge
17 and Charlie Allen. And, uh, I think I wrote this sometime, it
18 was either, I honestly can't, sometime right before the meeting
19 in Frankfurt or right after the meeting in Frankfurt. I tend to
20 think it was immediately after the meeting in Frankfurt, um
21 because of some of the things that are mentioned in here.

22 W: And the purpose of this was to summarize it and to
23 place it into the intelligence community?

24 C: That's correct. I did this for the report section,
25 that was going to be preparing the reports, just to give them
26 some guidelines on what to emphasize in a dissemination.

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1 W: Now, uh, this uh, contains some discussion of a, of an
2 Iranian, well at least the Iranians consideration of a possible
3 offensive against Iraq. Is that right?

4 C: Yes.

5 W: When did they launch that, do you recall?

6 C: This was the last, the last major offensive which
7 failed to capture Batzfa in the -- what was it-- oh uh, in
8 November, I think it was, I think it was November 1986.

9 W: And the...

10 C: It was Al Fahg something or another. They had several
11 numbers for them. But this was the last major offensive that
12 they launched.

13 W: The references to artillery here, were to be in support
14 of that offensive. Is that right?

15 C: That's correct.

16 W: Now, there came a point in a the negotiations with the
17 Iranians where, uh, the uh, a relative [REDACTED] produced a list
18 which included on it artillery, among other things

19 C: That was in September. That was in Washington in
20 September.

21 W: And, I believe that there too, he was asking for
22 artillery. Is that correct?

23 C: That's correct. They had a severe shortage of 105
24 pieces, 105 ^{howitzer} ~~Hellister~~ pieces and 155 ^{howitzer} ~~Hellister~~ pieces plus
25 barrels for both plus 175 millimeter rap ammunition.

26 W: Why don't you spell out the acronym for the record?

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1 C: The 175 millimeter ammunition is based plate or rocket
2 assisted projectile.

3 W: Mr. Cave, let me uh, let me direct your attention to
4 what I've marked as exhibit 7A. This is a page from Lt. Col.
5 North's notebook. It's dated September 8, 1986, and the first
6 entry reads uh, 1350, which would be 1:50, I believe, in the
7 afternoon. Call from Sam, "Australian call, desperate, rabid for
8 parts" (and then there's a word I can't read) uh, and then
9 "date", and then going down another line, "Going see Casey, now.

10 C: The date on this.

11 W: The date is September 8.

12 C: Call from Sam -- on 8 September? The only thing I can
13 think of is there were a number of the parts that were damaged in
14 the shipment. And, [REDACTED] was insistent on getting
15 replacements for them by us taking the ^wrecked ones and getting
16 them -- that's the only thing I can think of. I do not know what
17 he means by the note "Going to see Casey now." I can't recall
18 what it was I was seeing him about, I certainly wasn't seeing him
19 about that.

20 W: There also was an entry here, further down, uh 15:00
21 hours or 3 o'clock in the afternoon. "Call from Charlie. Casey
22 to call JMP, meaning Poindexter, Gates supportive, [REDACTED] calls to
23 George, four times Saturday, two times today." Do you recall uh
24 what that was all about?

25 C: We had a problem with, oh uh, by this time we knew that
26 the second channel was coming uh, the only thing I can think of

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1 is you know, uh, the um, [REDACTED] was trying to find out what was
 2 going on. He kept asking me uh, about, were we going to follow-
 3 up on the Brussels thing. I kept saying, well, you know, I kept
 4 putting him off to anything wrong, etc. etc. And, never, never
 5 conceding anything to him, you know, the thing on the parts has
 6 to do with the 67 things that were bad that he was demanding that
 7 we replaced. Uh, the only thing that I can think of on this is
 8 that we may have discussed the methodology involved in bringing
 9 young men to the States at this meeting. And, it was. Of course
 10 we got the, we had to get [REDACTED] to help us cause they
 11 were coming out, I think it was on the 13th of September, and
 12 were to be met [REDACTED]. That may be what the meeting with
 13 Casey is about.

14 W: I think that...

15 C: To get approval for the whole thing, uh, uh, and to go
 16 ahead with it.

17 W: There was some consideration I think at one point, of
 18 the CIA providing [REDACTED]

19 C: Yeah, there was a lot of things that were discussed.
 20 But what we, what we did was, to get our security people to make
 21 arrangements out at Dulles Airport to get them in quietly. And,
 22 oh, on setting up, we had the, we just had the visas issued.
 23 Yeah, that's what that was from. Now, I recall, we had to
 24 discuss all the where-with-alls and get Casey to convince
 25 Poindexter it would all work, as far as I recall.

26 W: Now, this, this happens to be, I want to put this in

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1 time for you, one day before, the very day before Poindexter met
2 with President Reagan and put the second channel on the agenda
3 and uh, and uh, discussed sequential release of hostages. Does
4 that add anything to your insight?

5 C: I can't remember all the details now. But, I know
6 there was a lot of discussion that if we go ahead with the
7 channel, we will have to go ahead with the sequential release
8 idea. And, I remember there were some discussions with Casey,
9 and the basic thing is we've come this far, we might as well go
10 ahead with it.

11 W: What was Casey's reaction to the sequential release
12 notion?

13 C: Uh, none of us really liked it, but we came to, we sort
14 of concluded that it was not much of an alternative. That's
15 about the only way we could approach it.

16 W: Mr. Cave, I'm going to show you what's been marked as
17 exhibit 8A and ask you take a moment and read it through.

18 [PAUSE]

19 C: Okay.

20 W: You've had a chance to read this through?

21 C: Yes.

22 W: This is, I'll identify it for the record, a 10
23 September 1986 memorandum to Director of Central Intelligence
24 from Charles Allen and it recounts a conversation that Mr. Allen
25 had the preceding day with Lt. Colonel North, uh, were you aware
26 of this conversation at the time?

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- 1 C: I think so, I must have been.
2 W: Let me direct your attention to uh, paragraph 2 and the
3 uh, and the third insert
4 [END OF TAPE SEVEN]

*Where is
Tape 8??*

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1 TAPE NINE

2 W: Opportunity to review exhibit 8A and I was about to
3 direct your attention to paragraph 2 and the third paragraph down
4 and I'll read it to you. It uh, says "Ghorbanifer will be cut
5 out as the intermediary in future shipments of cargo to Iran if
6 at all possible. To cut Ghorbanifer out, Ollie will have to
7 raise a minimum of four million dollars." Uh, do you recall, in
8 this period of time, speaking to Charles Allen about that
9 statement.

10 C: I don't recall that. There was a, during this period,
11 this is immediately before the meeting with the second channel,
12 there was a lot of talk about Ghorbanifer-- How you get him out
13 and still of the operation and still preserve the secrecy in the
14 operation. And, uh, I don't recall a specific price tag being
15 put on it, but I knew, you know, we all knew that it was going to
16 cost quite a bit of money. You know to bribe him out of there.
17 As it happens, when we had the first meeting, one of the things
18 that [REDACTED] suggested was that they can continue to throw
19 some arms business his way in an attempt to keep him quiet.

20 W: This a, this a memorandum...

21 C: The specific sum of four million, I don't recall that.
22 I recall the discussions about, you know, how you get Ghorbanifer
23 out of it and everyone saying well, it's going to cost quite a
24 bit of money.

25 W: Ghorbanifer was still crying that he had been

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1 financially wounded too, as a result of the HAWKs spare deal,
2 correct?

3 C: That's true.

4 W: There really are two immediate questions that suggest
5 themselves in light of this entry. One is, why does Ollie, as he
6 uses the name, why does Ollie North have to come up with four
7 million dollars? And, the second question is "Where is Ollie
8 North going to come up with four million dollars?

9 C: I would ask the same questions. [laughter] That's a,
10 that's a, I wonder if Charlie really meant...I uh...I can't
11 remember any. I think that what he means, Ollie's not, but Ollie
12 as the head of this thing is going to have to find, somewhere,
13 somehow, you know, four million bucks, to pay off this guy. But,
14 uh, I mean, there was a lot of talk about how you get rid of him
15 but no, to the best of my knowledge, no steps were ever taken.

16 W: I ask...

17 C: The claim was. Excuse me. Ghorbanifar's claim, it's a
18 lot of, in the finances there's a lot of confusion. His claim
19 was. Let me first go back. [REDACTED] told me that they paid for
20 the first shipment of those spares, four million dollars. That
21 first Maule. And then they later, on the 27th of August, he told
22 me they had just deposited, and he says it was interesting
23 Ghorbanifar demanded cash -- eight million dollars -- cash, in
24 his account. And, that they had agreed with him that all their
25 accounts were square. Somewhere, I don't know where it came
26 from. I think it came from Nir, who subsequently, when I asked

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1 him about it said, "no" that Ghorbanifar also got a 6 million
2 dollar payment from them. Which would fit in with that letter
3 that he asked for 18 million.

4 W: That fits in with his financing with Khashoggi.

5 C: Okay, yeah. And a, but he told us that only 1 million
6 of the 4 million dollars he got at the end of June, sometime in
7 June went for the HAWK spares and only 5 million out of the 8
8 million dollar payment. And then he used that to... and this
9 fits in with the amount that he paid the creditors, cause he only
10 paid them something like 6 million, 1 hundred-thousand dollars.

11 W: I asked Charles Allen about this memorandum and uh, he
12 added to this observation that on the evening of September 9 when
13 he was speaking with North (and that conversation was the basis
14 of this memorandum) that he asked North where he was going to get
15 the money to pay-off Ghorbanifar and North said to him, "I guess
16 I'm going to have to get it out of the reserves." And Allen told
17 me that he found that to be a devastating statement but he
18 couldn't explain why it was, he didn't put it in his memorandum.
19 My question to you would be -- Do you recall Allen sharing that
20 observation with you in this time frame?

21 C: I don't recall that. He may well have, I would be the
22 last one denied because Charlie was pretty good about telling me
23 things that were going on. But, I don't, I don't recall a
24 specific conversation with him about it, no.

25 W: Let me, let me approach the subject a little more
26 generally. In approximately late August, by Mr. Allen's

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1 calculations, he had a conversation with Richard Kerr, uh the
2 Deputy Director of Intelligence, in which he shared his concern
3 that perhaps the Americans were responsible for inflating, at
4 least part of the HAWK spare price and that some of the excess
5 was being directed to the Nicaraguan opposition. And he based
6 that on several factors. One, [REDACTED]
7 another was the involvement of Secord and Hakim, a third was the
8 attempt by the United States to create a false price list, that
9 is a false microfiche to throw the Iranians off the scent of the
10 real microfiche price list that they had uncovered. Uh, do you
11 recall any point at which uh Mr. Allen shared those same
12 misgivings with you before this whole matter became public?

13 C: He had, well, Charlie had an awful lot of misgivings
14 about what was going on because of the people who were involved
15 in it. Um, I don't recall his ever telling me about his
16 conversation with Dick Kerr, though.

17 W: How about those suspicions that the Americans were
18 responsible for inflating the price and that there was a possible
19 diversion to the Nicaraguan opposition.

20 C: I don't recall any specific comment about, not at that
21 time. Later though, yes.

22 W: Do you recall whether he said anything...

23 C: I remember that I wasn't in the building, you know, a
24 lot of this stuff would go on and I would not be in there for
25 quite a while. And uh, I would only come in when something came
26 up that I had to do. Uh, so as a result, if one of these things

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1 went by and I wasn't there, quite often I would never even see it
2 or be aware of it.

3 W: Let me direct your attention to something specific and
4 see if, if this incident generated any conversation along those
5 lines. Uh, I think it was on October 22nd you and Charles Allen
6 went and visited with Mr. Roy Furmark. Uh, Furmark had earlier
7 visited with uh, the Director.

8 C: With Charlie.

9 W: and with Charlie, and uh, and had on different days, he
10 had visited with the Director, I think on October 7 and again on
11 October 16 and with Charlie on October 16 in a separate meeting.
12 But in any event, when you went up to that meeting, I think in
13 that meeting, Furmark raised the possibility that Ghorbanifar
14 might say that there had been an inflation of price and a uh, and
15 a diversion. Do you recall any discussion with Charlie in the
16 wake of that conversation about Charlie's own independent
17 suspicions along those lines?

18 C: Charlie and I had been suspicious of what was happening
19 on the pricing and the money and everything for sometime. And,
20 the first time that I remember Charlie saying anything about the
21 possible, possibility of, we it call now, diversion, was after
22 his meetings with Furmark. Uh, when we went up to see Furmark,
23 the memo ~~was~~ signed by him we both wrote because I was taking
24 off uh for the meeting in Mainz. And, Furmark pretty much laid
25 out the whole thing in that Ghorbanifar had told him the reason
26 for the high price to him, 15 million dollars was, that was

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1 charged to him of 15 million dollars because the rest of the
2 profits from it were being diverted to the Contras.

3 W: Uh, did, did uh, Charles Allen then, later on outside
4 of Furmark's presence, say to you "Gee I suspect the same thing."

5 C: Well, once I heard that, there was no, he didn't have
6 to. I was certain it was probably true.

7 W: Both the price inflation and the redirection to the
8 Contras?

9 C: Yes.

10 W: You say that you and Charlie Allen had been suspicious
11 for sometime. Let me ask you two questions about that. One,
12 what made you suspicious and two, how did you become aware that
13 Charlie was suspicious.

14 C: Well we talked about, we could not understand why
15 Ghorbanifar would raise the price so damn much. I mean uh, what
16 threw us off was the 22 April arrest, because Ghorbanifar was
17 arrested by the Swiss police [REDACTED]

18 [REDACTED] Cyrus Hashemi had ratted on him and
19 this why the police oh uh arrested him and this led us to
20 conclude he was involved in that sting operation and probably
21 lost a lot of money. That's probably why he was asking for 15
22 million dollars from Tiny Rol^wand to oh uh finance that deal and
23 Khashoggi. So that, well maybe he's trying to get as much as
24 possible to get himself back you know, back in the black. Uh,
25 but, once we heard, you know, once I heard that from Furmark, I
26 was from that day, you know, fully aware, I accepted that. It

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1 just fit in too much, I mean, because if you read that carefully
2 how they calculated the pricing and everything, that sounded,
3 that sounded more like what they would do.

4 W: Let me back you up a little bit. You, initially, you
5 were not suspicious of price inflation from the American side
6 because of Ghorbanifar's arrest in Switzerland and uh, and uh the
7 likely financial trouble that was coming from that.

8 C: We thought, I tended to think then, after that, that
9 the reason why Ghorbanifar was really inflating the price was to
10 recoup the losses that he had sustained in the sting operation.

11 W: Okay, now, now after that there came a point, I guess
12 before the Furmark meeting but sometime after the Ghorbanifar
13 arrest that you begin to suspect maybe it wasn't just
14 Ghorbanifar. When did, when did that thought creep into your
15 mind?

16 C: This part of the problem is that, was uh, and one of
17 the reasons why it was so late in coming, the... we knew that a
18 lot of the things had to be that, that, well we knew that Col.
19 North had to raise the price to cover the expenses of everyone
20 else involved, you know the hiring of flight crews, the extra
21 aircraft, all this, the boat, what have you. We didn't know how
22 much that was, so it was more logical for us to suspect at that
23 point Khashoggi and, and oh uh Ghorbanifar. Now, another thing
24 that threw me off is, is oh uh, when we brought [REDACTED] to
25 Washington, uh General Secord did it with a, in a private jet
26 that he oh uh, leased. Uh, North told me that "hey look, we

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1 don't have any money uh, I'm thinking of charging CIA for the
2 aircraft. Uh, Claire doesn't remember but he brought that up
3 with, in a meeting we had with Claire George." And at the same
4 time, this is when he starting telling me he was very much
5 worried, particularly about Dick Secord because what they were,
6 they were practically bankrupt and Secord was in serious
7 financial straits. He wasn't worried about Albert Hakim.

8 W: This is North who's worried about Secord?

9 C: Yes. And he says that Dick is spending his own money
10 on these things. So uh, that threw me off, but once I,
11 everything, so many pieces fit together and Furmark's explanation
12 was pretty crystal clear, was getting uh. Charlie's suspicions
13 became extremely strong after he talked to Furmark.

14 W: Okay, are you unable to place when it was you became
15 suspicious of the Americans?

16 C: Well, I was away as you recall, when all these Furmark
17 discussions took place, I was in Europe.

18 W: Okay, let me stop you right there. Do you date your
19 suspicions before the Furmark discussions?

20 C: Suspicions of what?

21 W: Of parts inflation and diversion.

22 C: Uh, I uh, yeah, before, I was, because I saw Charlie's
23 memo after I got back. The one he wrote on the 14th of October.

24 W: Alright.

25 C: And, that, you know I became awful suspicious.

26 W: I am uh, really what I'm interested in is just placing

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1 this in time.

2 C: Okay, this would be about, I saw the memo on about the
3 15th of October.

4 W: Okay, but what I'm trying to, what I'm trying to place
5 in time is your suspicions. Is it, is it the series of Furmark
6 discussions beginning uh, say in earlier October with the
7 Director, I think on October 7, uh, is it this that is causing
8 you to be suspicious or are you suspicious before Furmark appears
9 on the scene?

10 C: I don't think I was, cause I was thrown off by you
11 know, what North was telling me. Uh, but after I got, all those
12 Furmark meetings occurred while I was away. And once I got
13 through, I think it was the 15th of October or 16th when I saw
14 Charlie's memo and, I was from that point, you know, strongly
15 suspicious that something else was going on beside Ghorbanifar
16 gouging us.

17 W: Let me uh, uh change topics here for a moment.

18 C: That's not to say that, you know, there wasn't
19 suspicions that some, but you know we, there was nothing you
20 could point to. Other things seemed more likely than that, up
21 until the earlier fall.

22 W: In uh, the Teheran meetings there's a, a shoe that has
23 dropped and the second one has failed to drop, uh, and uh, at
24 least the way the notes read. And, let me describe this
25 phenomenon to you. Uh, the uh, one of the Iranians, and I
26 believe it's [REDACTED] asked the Americans, "What is your

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1 view of Iraq, its regime?" There's no response noted in there,
2 uh, the uh status of the regime in Iraq was uh, was an item of
3 great concern to the Iranians. Uh, do you recall that exchange
4 and did the Americans have a response in Teheran on the subject
5 of Iraq and its regime?

6 C: Is there something preceding that, you know, is , who's
7 memo was that?

8 W: Let me show it you for the record.

9 C: I don't think I made any notation of that in my memo.

10 W: No, this is not your memo.

11 C: I have to take a, I have to take a quick look at it to
12 see if anything jogs my memory.

13 W: The uh, citation uh, is a on B104 of the Tower Report,
14 the speaker is the Iranian official, which is [REDACTED] and uh,
15 I'll show it to you in a moment but, let me read it for the
16 record. "The Iranian official specified Soviet intentions,
17 Afghan issues, Lebanese affairs, Middle East peace, Iran-Iraq
18 war, Khoristan "What is your view about Iraq, its regime?" and
19 then McFarlane gives a general answer.

20 [PAUSE TO REVIEW MEMO]

21 C: Okay, yeah, I remember that there was, at that time
22 this wasn't -- that's about the way it happened. McFarlane
23 didn't, and [REDACTED] completely changed the subject.

24 W: Did it come up again on the course of the Teheran
25 discussions?

26 C: Yes. What they, what um, what they insisted upon was

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1 that they were prepared uh, to drop all of these demands on Iraq
2 uh except for the one's who were, that one that uh backed the
3 government had to go and, Saddam Hussein had to go. They had
4 made you know, they had made quite a number of demands. They
5 were prepared to drop all those but that they would not negotiate
6 a peace treaty with Saddam Hussein.

7 W: Did they uh, as they later did in, I think in, uh
8 Germany, did they later or did they try to enlist in Teheran the
9 support of the United States in removing Hussein?

10 C: No.

11 W: Not in Teheran?

12 C: Also that's the enlisting of U.S. support in removing
13 Hussein, is a bit, is a bit overblown.

14 W: I'm going to give you a chance to talk about that in
15 just a moment. Uh, let me go directly to the uh first meeting in
16 Germany, the one in Frankfurt. Uh, the uh, there were a series
17 of topics that were discussed in a, in Frankfurt, and this I
18 gather would be your second meeting with uh, (uh, let the record
19 reflect that was David Pearline sneezing) [LAUGHTER] Uh, the uh,
20 this would be your second meeting with [REDACTED] is that
21 correct? Uh, on top of the meeting in Teheran.

22 C: Uh, that's true, this is the, he did not show up in the
23 September meetings but he did in the Frankfurt meetings.

24 W: And this is the first time you would have met him in
25 connection with the Second Channel?

26 C: That's, that's correct.

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1 W: There uh, uh at the Frankfurt meeting uh, there is
2 discussion of the uh list of arms that uh, that uh, [REDACTED] has
3 brought up in Washington, which was an extensive list of arms
4 including uh, uh several hundred ^{howitzer} Howitzer barrels and um an
5 ambitious wish list to be, to be sure. Uh, those meetings of
6 course were tape recorded and uh in the course of that meeting,
7 uh North said that basically the limitation on them, the American
8 provision of arms was that they uh should not include items that
9 would allow or encourage the Army of the Revolutionary Guards to
10 seize Baghdad. Do you recall that?

11 C: I think that that was probably one of the delaying
12 tactics oh uh, North used during these discussions. He didn't
13 want to rule out anything at that point in time. But at the same
14 time he didn't want to make a commitment to deliver anything,
15 since we had no capability of delivering them, what they wanted.
16 I, one of the consistent things you'll see, and he made it at
17 this meeting is that there could be no regular resumption of arms
18 sales to Iran until the Peace was signed and hadn't resumed
19 normal relations. In fact, at some point, it was several points
20 uh during that meeting when laughter erupted when we were, about
21 how we would go about resuming normal relations.

22 W: The uh, the tapes show a discussions of normal
23 relations as being a goal, but they, they don't invariably tie
24 increased weapons shipments to uh, to peace with Iran and Iraq.

25 C: The uh, what uh, the position that North took is that
26 oh uh, as he referred to it -- a "normal supply system" could

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1 not uh, be inaugurated until we had uh, re-established normal
2 relations and until the hostilities had ended.

3 W: Well that, that is not born out by the tapes, that
4 latter point.

5 C: It might have been, you know, the tapes don't cover
6 everything. That's one of the problems. North, was pretty,
7 pretty consistent on that, that we, normal relations were uh the
8 sine quo non -- resuming normal arms shipments. And, also uh
9 peace.

10 W: North uh, let me strike that, Secord in the course of
11 these negotiations in Frankfurt suggested that one indirect way
12 the United States could assist the uh, Iranians on the ^{howitzer} ~~Howister~~
13 barrels was uh to direct Iran to a third country and then just
14 look the other way, was the way he put it. As Iran purchased the
15 ^{howitzer} ~~Howister~~, ^{howitzer} ~~Howister~~ and the ^{howitzer} ~~Hallister~~ barrels uh North had pointed
16 out earlier that the problem with the number of ^{howitzer} ~~Howister~~ barrels
17 that were being ordered was in order for Washington to supply
18 them they have to open up a new production line. Do you recall
19 that?

20 C: I recall that. And I don't know if any action was ever
21 taken on Secord's suggestion. I have no, if it was I know
22 nothing about it.

23 W: That uh, suggestion of Secord's was not tied to
24 anything in particular?

25 C: I think he was just, these were, you know, in these
26 long winded discussions I think these were just things that were

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1 thrown out.

2 W: North has uh, testified in his public testimony that,
3 that uh, he was consistently lying to the Iranians uh in his
4 statements to them. Was that something that you were aware of?

5 C: Well I think that what he was doing is, I - I wouldn't
6 put it as lying, I think that he was trying to, to prevent
7 himself from being made, from having to make any categorical
8 statements that we will or we won't do this. While we were, you
9 know the whole purpose of this is to keep the contact going and
10 uh, there were certain things that we could supply them uh, and
11 certain things that we couldn't. But he was somewhat reluctant
12 to give a total negative reply on anything -- he didn't want to,
13 he didn't want to cut off the, the negotiations. Uh, I, I
14 wouldn't say, well, I would say its Middle Eastern negotiation.

15 W: Well I'm not, I'm not attributing anything to him,
16 other than what he described himself. I mean, his testimony was
17 and I quote it to you: "I lied to the Iranians every time I had
18 the chance." Do you, do you agree with that?

19 C: Let me, let me put it this way, he told them things uh,
20 he said "yes" or something you know, on and then as far as I know
21 nothing was ever done about it.

22 W: In the uh course of the negotiation and I'm going to,
23 I'm going now to the subject of Saddam Hussein uh, North stated
24 that uh, that the United States was "seeking a peace" between
25 Iran and Iraq that would be uh effected in such a way that it
26 would uh, as he said: "Becomes evident, becomes very evident to

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1 everybody that the guy who was causing the problem is Saddam
2 Hussein." Do you, do you recall that?

3 C: Uh, there was an enormous amount of discussion of
4 Saddam Hussein and Iraq. What, in what, the thrust of it was is
5 that the American side agreed with the Iranian side that there
6 can be no peace as long as Saddam Hussein's in power. We said
7 okay, we accept your contention that you can't make peace as long
8 as Saddam Hussein is in power and then the question is what do
9 you do about it.

10 W: What, what do you do about it?

11 C: Well, this is where some of the tapes are a little bit
12 misleading. I, to summarize what was agreed to is that we agreed
13 to make it clear to [REDACTED] now I don't know if this was
14 done but, this was one of the things that came out in our
15 discussions with 'em. North said, we will make it clear to [REDACTED]
16 [REDACTED] that there can be no peace as long as Saddam Hussein
17 is in power. We'll make that clear to them but, that we have
18 normal relations, diplomatic relations with the Iraqis and uh,
19 unlike what has appeared in the press, there was no commitment
20 made for us to overthrow Saddam Hussein.

21 W: That is, the United States by direct military force?

22 C: Yeah, that's true. There have been, there have been
23 articles in European newspapers that I snuck out of the Hilton
24 Hotel and negotiated to overthrow Saddam Hussein with Rafsanjani
25 but, that's not true either.

26 W: I thought you were here to confirm that.

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1 [LAUGHTER]

2 C: No. No, that's where there's a certain, and the tapes
3 are a little bit misleading. What we were agreeing. Okay, we
4 agree with your contention that there can be no peace as long as
5 Saddam Hussein is in power, that's your sine qua non, or whatever
6 it is. And, that what we did agree to, the actions steps we
7 agreed to, to the best of my recollection, was that we would make
8 this position clear to [REDACTED]

9 And, whether, uh my understanding is that Poindexter and North
10 did take some action on this. Now, what they did I don't know.

11 W: That they did?

12 C: Yeah, that they did. Yes.

13 W: Where does that understanding derive from?

14 C: Uh, I think that I was told by Ollie one time that,

15 that oh uh Poindexter had talked [REDACTED]
16 [REDACTED] with the Kuwaiti Foreign
17 Minister.

18 [END OF TAPE NINE]

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1 TAPE TEN

2 W: Mr. Cave, we're back on the record now uh, just to put
3 the Hussein matter in context uh, the uh, you've made it clear
4 that the, that what the United States was undertaking to do was
5 not a direct military overthrow of Saddam Hussein. Is that
6 correct?

7 C: That's correct.

8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]

16 W: Now, was that the, was that the route that was being
17 discussed here. That uh, the United States would approach [REDACTED]
18 [REDACTED] that had up to this point been supporting
19 Hussein and uh suggests to them that they no longer support him

20 [REDACTED]
21 C: I think that, oh uh, uh, that was not specifically what
22 was intended. I do not know what whoever discussed this, I'm not
23 privy to what was discussed with [REDACTED]
24 [REDACTED] on this issue.

25 W: Excuse me, I was thinking of what was represented to

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1 Iran first.

2 C: Oh, oh, what, what was represented to Iran was that we
3 would make it clear to [REDACTED] that in no way would Iran
4 ever agree to a peace as long as Saddam Hussein was in power, and
5 that uh, we were, we were convinced that this was the Iranian
6 position and uh, basically, what are you guys going to do about
7 it?

8 W: Uh, in uh, these transcripts, North at one point uh, uh
9 suggests that the United States enter a secret dialogue with uh,
10 [REDACTED] states currently aiding Iraq. That was the words
11 he used to explain to them that: "The real threat to their
12 stability in the whole region, the real threat is the Soviet
13 puppet in Baghdad." Do you uh, do you know whether he, he or
14 Admiral Poindexter took the step to go to [REDACTED] and say
15 'look, this is the way we perceive the real threat to peace in
16 the, in the region'?

17 C: No, I can't, I can't say for sure, I know that. All I
18 know is, they were going to, they said that they were going to
19 take this up. Now, whether they did, Ollie at one point, as I
20 recall told me that they had had some discussions but, we never
21 got memos of anything that took place and I don't know if any
22 memos exists.

23 W: None that I know of. Uh, Mr. Cave uh, there came a
24 point, and this is still in the Frankfurt discussions, where uh,
25 where in the course of the subject of Saddam Hussein uh North uh
26 said to the Iranians, and this is the way the tape reads: "Saddam

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1 Hussein is a expletive" and uh Hakim asked North if he really
2 wanted him to translate that and North who was attributing the
3 remark to President Reagan, said: "Go ahead, that's his word,
4 not mine." [LAUGHTER] Do you recall that exchange?

5 C: I remember that, yes.

6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]

10 W: In the uh, again, in the uh Frankfurt negotiations, the
11 subject of the Dawaa prisoners came up. And, on that subject uh,
12 the uh, uh, fellow whom Hakim called the 'Engine' uh, [REDACTED]
13 asked, basically asked the Americans for guidance, to show him
14 the way on a, on uh, improving relations and North then brought
15 up the subject of arms and assisting in the uh, in the uh
16 situation of the Dawaa prisoners. Much later in the discussion
17 North said, uh, that although the United States had told the
18 Government of Kuwait that the Dawaa prisoners were their business
19 that the U.S. would neither criticize Kuwait [REDACTED]
20 [REDACTED] should Kuwait release them, and that the U.S.
21 had recently conveyed this position to Kuwait. Do you recall
22 that discussion?

23 C: Yes I do. What, what he said was is that, in essence,
24 is that we have told the Kuwaitis that if these people are,
25 these Dawaa prisoners are released by Kuwait, [REDACTED]
26 [REDACTED]

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1 W: Nor would the U.S. criticize them for having released
2 them?

3 C: That's correct.

4 W: Is that consistent with your recollection of...?

5 C: That is consistent with my recollection.

6 W: And he also advised the Iranians that he believed that
7 the Kuwaiti^s would be receptive to releasing the Dawaa if they
8 could get a guarantee against terrorism. Is that also consistent
9 with your recollection?

10 C: Uh, not so, well, not entirely. What, what he said is,
11 is that certain of the prisoners uh, with lesser terms uh, the
12 Kuwaiti^s may be, may be willing to release with suitable
13 guarantees uh, on some religious occasion -- something like that.
14 But, not, not a whole set, not all of them.

15 W: Isn't it the Lebanese ~~Shiite~~ ^{Shiite} Members of the Dawaa who are
16 under the heaviest sentences?

17 C: Oh yeah, there's three uh, three, like we made it quite
18 clear to them that the three guys who are convicted, that have
19 been sentenced to death are never going to get out.

20 W: You made that clear to the Iranians?

21 C: Yes.

22 W: So, what we were, what were we talking about in terms
23 of the Dawaa here. Who's getting out?

24 C: Five guys. They're due to get out this year, I think.

25 W: And they are not Lebanese. Is that correct?

26 C: Some of them. I've never gotten a break down. There,

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1 there are three different categories of sentences. There are
2 three guys that are sentenced to death. They are Lebanese. Two
3 of them, I think. Two out of the three and, then there are nine
4 others that have oh uh, lesser, have pretty heavy sentences, and
5 then there are five that have, I think, just four years. So,
6 when would talk, what we committed to do was one of the things
7 that the Iranians were worried about is that these, the Kuwaiti^s
8 would not release the five when their sentence was up.

9 W: They, they wanted them to. Was that correct?

10 C: Yeah, and oh uh, North made the commitment to intercede
11 with the Kuwaiti^s to make, to find out if these guys would be
12 released when their sentence was up. So, when, when you're
13 talking about the Dawaa prisoners you're basically talking about
14 those five plus uh, others who had longer sentences but not real
15 long sentences, maybe the Kuwaiti^s would oh uh, at some suitable
16 occasion oh uh, uh, release a couple of them.

17 W: Can you explain to me why it is that nowhere in any of
18 the tapes does that distinction appear?

19 C: I don't know because I - I, if you look at some of my
20 notes uh, particularly in Te, you know in Teheran, North is
21 respond, the initial response that by both North and McFarlane is
22 we'll, we'll, we're willing to take certain actions but, we won't
23 interfere with legal, due legal process in Kuwait.

24 W: Right. I- I'm really limiting that question to the, to
25 the Frankfurt and Mainz discussions.

26 C: But if you look at my oh uh, my reco, I don't know if I

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1 put anything in my notes about it but, I am convinced that what
2 we were talking about was the five guys who were due to get out,
3 I think it's this year and maybe one or two of the others. But,
4 we had made it quite clear I recall this specifically, that hey,
5 forget about the three guys that are sentenced to death.

6 W: The uh, nine point plan that Albert Hakim ended up
7 negotiating at the end of the Frankfurt uh, meetings, that
8 specifically contains the number 17 for the plan to release the
9 Dawaa prisoners. Uh, there is, there is uh, uh a modification of
10 that in the uh PROF note that I showed you earlier where it
11 refers to some Dawaa' but it's an undetermined number of Dawaa
12 prisoners who are going to be released. Uh, again, the tapes of
13 both Frankfurt and Mainz show no discussion distinguishing
14 between prisoners with varying prison sentences and there's no
15 point at which the United States delegation in terms of the
16 Iranians, at least on tape, and says to them -- the three who are
17 sentenced to death are not coming out no matter what.

18 C: I remember that specifically, North saying it. I can't
19 remember, I think it was said first here in Washington and then
20 reinforced at the initial meeting in, in Frankfurt.

21 W: Well, it was, what was said in Washington was uh, that
22 uh, North said that he would not interfere with the processes of
23 uh, of uh, Kuwait. But, in Frankfurt that same sentiment did not
24 come across, and there was, there was no distinguishing uh,
25 points that you're referring to on sentences did not come through
26 at all. And, there was no specific reference to any Dawaa

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1 prisoners under death sentence.

2 C: I'm certain that - that was, it might not be in the
3 tapes or anything, but, I'm certain that - that came up. That we
4 just couldn't do anything about, nothing can be done about the
5 three that were sentenced to death.

6 W: Well, how was it that Albert Hakim then negotiated a
7 plan that included all 17?

8 C: Well, I think that if you want to though, but the final
9 fruit of this so-called plan that oh Copp and I were supposed to
10 devise for the, for the Dawas 17 comes up in the meeting we have
11 with [REDACTED] in Geneva in which we basically, if you look very
12 carefully at my minutes, we've, we are haggling with him all day
13 on this saying that we can't do anything more, we can't make any
14 guarantees with you, and the only way you're going to ever get
15 anywhere with the Kuwaiti⁴s is by going down there yourself and
16 talking to them. And they finally agreed to that.

17 W: Okay. Okay, but I don't want to, I don't want to go to
18 November yet.

19 C: Okay.

20 W: I'm uh, I'm uh speaking really of Frankfurt uh, in
21 Frankfurt that distinction just isn't there.

22 C: I'm certain the distinction~~ing~~ was made.

23 W: Now you, you read those tapes before you came down
24 here.

25 C: Yes I did, and I- I think that one of the unfortunate.
26 I'm positive that the distinction~~ing~~ was made in Frankfurt

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1 between the different categories of prisoners.

2 P: Was it possible that the uh, uh, the conversation uh-uh
3 could ^{have} occurred but not been recorded?

4 C: A lot was missed, a lot was missed on the recording.

5 [Okay, that was David Pearline who was uh, assisting there.
6 Laughter]

7 C: There was incidentally a lot missed. There was a lot
8 missed on the, on the tapes.

9 W: The, the tapes read as though uh, much was missed. The
10 thing that I find uh, disturbing is that although, the - the
11 tapes also caught quite a bit and that uh, there's just no where
12 in what they caught, any reference whatsoever, to any United
13 States differentiation between the prisoners on the basis of
14 sentences and no Sherman's ^{sque} statement out of North saying "there
15 ain't no way on the three that have been sentenced to death."

16 C: If uh, it's of any help I shared your view when I read
17 it because I know that uh, the word distinctions made in
18 categories of prisoners. Uh.

19 W: And you're pretty sure that was in Frankfurt?

20 C: Yes. I'm certain. I mean, we talked about
21 distinctions between the prisoners, we also talked about them as
22 a group, but, I'm certain that when we were talking about what
23 we, anything that could be done, we were talking about the people
24 who were the lesser terms.

25 W: Do you recall uh, uh the Seven Point Plan that North
26 came to Te, to uh Frankfurt with?

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1 C: This was the Seven Point Plan that was written in
2 Teheran?

3 W: The same.

4 C: Yeah.

5 W: It reads.

6 C: The Nine Point Plan of Hakim's is sort of a
7 modification of the original Seven Point Plan.

8 W: Well, it's - it's more than sort of.

9 C: Okay, it's - it's a modification of the Seven Point Plan.

10 W: The Seven Point Plan that uh, that North brought with
11 him uh, for example, did not contain any provision for sequential
12 release of hostages. Uh.

13 C: That's true. Because it's the same as the way we, the
14 way we wrote it up in Teheran.

15 W: There is a, it has some additional factors in it, for
16 example, the release of John Patus, who had been a prisoner at
17 the time the Teheran meeting occurred and also the Buckley
18 debrief is included uh, which you didn't know of at that time.
19 In that uh, we have a copy of the, the North handwritten notes,
20 uh, that is cut off on the bottom, the last line is eliminated
21 but it refers to uh, the 7th step, the U.S. will then identify
22 sources for other items on the list, the bottom part of the, of
23 the sentence is incomplete. Uh, I have by reading the October 10
24 PROF note concluded that - that probably is a reference to the
25 list of arms that the relative brought to Washington with him.
26 Do you recall the seven points well enough to, to express an

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1 opinion on that?

2 C: I'd have to look at them.

3 W: Okay, let me hold off just a minute here, and I'll pull
4 that out of my file. I'm going to go off the record for a
5 moment.

6 [PAUSE]

7 W: Mr. Cave, I'm showing you what has been marked as
8 exhibit 15A. Would you take a moment and read it please?

9 [PAUSE]

10 C: Yeah, that's what that referred -- What was the date on
11 this?

12 W: There is no date on it.

13 C: This was, based, this was not the original Seven Points
14 in Teheran.

15 W: Right.

16 C: These, these are what we did at the September meeting.

17 W: With uh, [REDACTED]

18 C: That's right. And, you're correct we will _____ was
19 what he was referring to, the other row of items on the list.

20 W: Now, Albert Hakim uh, in his deposition, identified
21 this list as a list that was left with him as basically a
22 negotiating guideline for uh, in Frankfurt when he was left to
23 negotiate with the Iranians himself and he identified this
24 inscription at the top as being the handwriting of General Secord
25 uh, and I think that's where some of the uh language comes from
26 on uh the U.S. position with respect to Saddam Hussein.

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17 W: And you're referring now to the uh, Second uh entry on
18 the top of 15A which reads: "We understand S. Hussein must go...
19 Believe we can help after obstacles go," which is a reference to
20 the hostages, I would assume.
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23 C: What -- what's really misleading in the tapes is it
24 appears almost as if there's a commitment that we're going to
25 march in and drag Saddam Hussein out of the Presidential Palace
26 and put something, someone else in, and that's not the case.

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1 W: [REDACTED]

2 C: [REDACTED]

3 W: Now, the tapes show, and I think the uh, uh, the recent
4 uh tape transmissions...5 C: I have a confession to make. I didn't want to tape
6 those meetings, [LAUGHTER] I've always found that tapes are very
7 bad uh, because you never get everything and uh, they're also
8 subject to interpretation. Also, when you're taping meetings
9 like this, there's so much that's said that is later
10 countermanded uh that, it becomes very confusing.11 W: Duly noted. In the uh, tapes that we have of Frankfurt
12 uh, there comes a point where North uh, departs the meeting and
13 uh, what he says is, "why don't you guys hold this discussion
14 after I'm gone" and then he refers to the Seven Point uh document
15 and I think he's referring to uh what has been marked as Exhibit
16 15A.17 C: I think I left off though. I left that meeting also,
18 at the same time North did.19 W: That was the question I was going to ask you. What
20 happened to you at that point?21 C: I had an irate wife sitting in a hotel. [LAUGHTER] So,
22 I - no I left because I had uh, I had made, already made
23 arrangements to go with my wife, to go see my German
24 grandchildren or our German grandchildren, so I left at about the
25 same time North did. And, Hakim brought the rough copy of the
26 Nine Points at the airport the next morning.**UNCLASSIFIED**

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1 W: Alright, now I want to show you what uh, I have marked
2 here as. Hold on, I'm going to go off the record for a moment.
3 Back on the record. I'm going to show you what's been marked as
4 uh, Exhibit 16A and 17A. 16A is a translation by Albert Hakim of
5 the Farsi original of the Nine Points two-page document and the
6 second document is 17A, a uh, document with the CIA logo on it
7 dated uh 8 October 1986, evening until midnight. Mr. Cave if
8 you'd take a moment and review those two documents.

9 [PAUSE]

10 C: This, okay this is, this one

11 W: This is 17A. Is that correct? When you say this.

12 C: Yeah, 17A, this is the one that Albert delivered to me
13 at the airport on the way out. Cause I immediately questioned
14 him on what did he mean by one and one-half American hostages.
15 Which half?

16 W: Was that his own English rendition of it?

17 C: Uh, yeah. Wait, uh no. I don't know whether I - I
18 can't remember whether I translated this. I remember him giving
19 me the Farsi too, and I don't know whether I translated this or,
20 or what.

21 W: Did you uh -- When this whole initiative became
22 publicly exposed did you, were you able to locate a Farsi version
23 of this Nine Point Plan in your files?

24 C: I thought I passed one to you.

25 W: We don't have one, but uh -- Do you recall having one?

26 C: Yeah, he gave me one.

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1 W: Hakim did?

2 C: Hakim did. Uh, but someone's got it. It might be that
3 the SSCI has it for all I know.

4 W: But your recollection is that you have it?

5 C: There is one. Yeah, I had one at one time, I know.
6 But what I did with it, is beyond me. But this is, yeah, this is
7 the first draft as I note down here they're available at the NSC
8 subsequent refinements because...

9 W: Is that your handwriting?

10 C: That's my handwriting. Albert, when he told me, he
11 said there was a couple other things that might be changed based
12 on uh, conversation he was going to have with them.

13 W: With whom?

14 C: With oh uh, uh - uh, [REDACTED] after I left.

15 W: And uh, just for the record, the reference to your
16 handwriting is on 17A at the bottom of the page. Is that
17 correct?

18 C: That's correct. I - I honestly can't recall whether
19 this, I, whether he gave me the English of this and, I know he
20 gave me the Farsi. I don't know whether I trans.. I can't
21 remember whether ^I translated that or what.

22 W: Now this plan clearly calls for the 17 prisoners held
23 in Kuwait?

24 C: This one is the -- yes, that's true um, but um, is
25 there a plan for a release of the 17 persons. The only thing I
26 can tell you is that was in talking to the Iranians they agreed,

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1 they agreed to this wording because if you go forward in history
2 to the November meeting, we told them we had done everything we
3 could and everything else was up to them.

4 W: Now, you're uh...

5 C: But, during the discussions I'm absolutely certain that
6 the three guys condemned to death, it was made clear that nothing
7 could be done about them and that the hope was for the five guys
8 with the lesser sentences and some of the others who had varying
9 sentences.

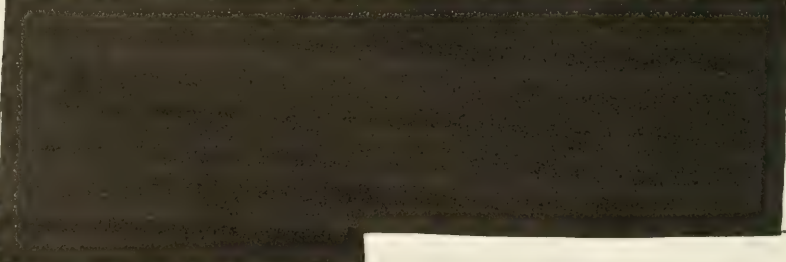
10 W: Why is there any doubt that the people who have already
11 received determinant sentences aren't going to be let go in, at
12 the end of their period of time?

13 C: Uh, the Hizballeh in Lebanon was concerned that the
14 Kuwaitis would continue to hold them as hostages against any
15 future acts of terrorism.

16 W: All of them?

17 C: All of them, not release them when their term was up.

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25 W: I'm going to show you again the uh, PROF note dated
26 10/10/86, uh there the uh Nine Points have been reduced to Seven

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1 Points and uh, there's uh, there's a reference here, an entry
2 here that says: [REDACTED] gave Dick a proposal closer in line to my
3 original Seven Points and asked Dick if there was any way he
4 could get us to meet before November 3." Who's [REDACTED]

5 C: [REDACTED]

6 W: Take - take a look at the uh, uh first paragraph of uh,
7 unnumbered paragraph of this PROF note.

8 [PAUSE]

9 C: Oh, that's oh uh, that has to be uh, [REDACTED]

10 W: Is that uh, another pseudonym for him?

11 C: Yeah, 'I don't understand it -- why he's using it.

12 Because, you know [REDACTED] See in here this
13 is -- you see -- to release some of the Dawaa.

14 W: Right, I noted that earlier. Now, how were these
15 modifications made uh, Mr. Cave uh, Albert Hakim has negotiated a
16 Nine Point Plan with the Iranians uh, that plan is transmitted,
17 it's dated October 8 on the English translation that we marked as
18 uh, I think uh, 17A. This is two days later, the Iranians
19 presumably have departed from the scene and this looks like a
20 different proposal -- it's been changed in some way. Now, how
21 was that accomplished? Do you know?

22 C: If you noticed in the bottom of mine, I said that the
23 final, this is just a draft version, and the final version will
24 only be available at the NSC. Uh.

25 W: When you say that... well who's doing the negotiating?
26 What's -- How does this agreed upon?

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1 C: I uh, all of the negotiation from this point was
2 carried on by uh, Hakim and Secord. I was out of it. I -- Ollie
3 and I left the meeting at the same time. They did all this
4 negotiating. These, this, these two proposals were done by,
5 negotiated by them. Now, I don't know how they, I honestly don't
6 know how they got from this, to this...

7 W: From this, you mean 17A to...

8 C: This, I think, to this, to this, to this...

9 W: Okay, wait a minute, we're going to have to, I'm going
10 to have to do this for the record. When you say from this, to
11 this, to this, you're talking, you're referring first to 17A,
12 then to 16A, and then you're referring to the October 10 PROF
13 note. Is that correct?

14 C: Yeah, that's correct.

15 W: Okay.

16 C: But, this see...

17 W: This is the October 10 PROF note.

18 C: The PROF note is more in line with my recollection of
19 the meetings of what transpired on the 17.

20 W: Okay, now I gotta, I have a couple of questions for you
21 about the PROF note. First, the PROF note contains a price for
22 the TOW missiles, uh, if you note on the top, the first point is
23 they're going to pay 3.6 million dollars for the TOW missiles,
24 which is a reduction in price per missile over previous TOW
25 transactions. Do you know how it was that at this stage of the
26 game, that is 10/10/86, the price had already been reduced?

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1 C: Reduced from what?

2 W: Reduced from the price that the United States had been
3 asking for TOW missiles uh, uh since February, which is 10
4 thousand a piece.

5 C: Oh, uh, I don't know. I don't know how, how they
6 arrived at this figure. I did not know what the price was at the
7 time. Is all I knew is when we had ^{the} ~~the~~ Mainz meeting uh, the
8 Iranians already had the price because they arrived with a 4
9 million dollar check.

10 W: Alright, and - and this uh, PROF note would indicate
11 that uh, by 10/10/86, they had a price that was in the area of
12 3.6 million dollars, which is a lower price since it's 500 TOWS
13 than the 10 thousand per TOW uh, that had been charged up to that
14 point. You - you're not aware of the dynamics that resulted in
15 the reduction of price?

16 C: I have no idea what caused the reduction in price.

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1 SIDE ELEVEN - TWC/hgp

2 W. Uh, Mr. Cave did you hear that portion of Lt. Col.
3 North's testimony where he predicted the release of several of
4 the Da~~A~~wa prisoners? I think the language he used was "they were
5 going to release some of these prisoners as sure as I'm sitting
6 here we may as well get some credit for them" and I think by that
7 he meant get the release of some hostages.

8 C. He had told me, I didn't hear that part, but he
9 had told me that they had questioned the Kuwait~~ies~~ on those five,

10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]

15 W. The uh, point number 3, the prof note that says
16 that Copp and Sam are going to help prepare a plan for
17 approaching the Kuwait~~ies~~ to guarantee no more terrorism against
18 the Amir and by which the Amir~~o~~ will use a religious occas~~ion~~ to
19 release some of the Da~~A~~wa what was contemplated by that? What
20 did you understand ~~W~~hat you were supposed to be doing to execute
21 point 3?

22 C. What we were going to do is try and come up with
23 some sort of proposals that the Iranians could take down to
24 Kuwait as negotiating points. [REDACTED]

25 [REDACTED]
26 [REDACTED] Things like that. In other words

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1 we were not going to, and never contemplated, you know, direct
 2 intervention to get these guys released. Um, what we had hoped
 3 to was based on the fact that the Kuwaitees were going to
 4 release, uh, these people when their terms were up is get the
 5 Iranians talking to the Kuwaitees and try and come up with some
 6 reasonable proposals, uh, that might give them some negotiating
 7 points with the Kuwaitees.

8
 9 W. This is all relating to the five whose terms are going
 10 to mature in the next six months or so?

11 C. Primarily those, we thought that maybe the Kuwaitees
 12 might release one or two of the others who had, you know these
 13 terms weren't that great, as some possible amnesty.

14 W. And that would be a release before the maturation of
 15 their sentence? Is that correct?

16 C. That's correct.

17 W. Now, when Admiral Poindexter was questioned on the
 18 ^aDay he said that the idea was that General Secord could
 19 approach the Kuwaitees as a private citizen and that would not be
 20 the United States acting. Was that your understanding, that
 21 Secord was basically going to go in the capacity of a private
 22 citizen and approach the Kuwaitees and seek to get some
 23 flexibility on the ^aDay prisoners?

24 C. No, that is not my recollection.

25 [REDACTED]

26 [REDACTED]

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21 W. And this is the Da^awa you're talking about now?

22 C. This is the Da^awa, but I don't know if anything was
23 ever done. And I don't recall Dick being mentioned as doing
24 anything with the Kuwaiteⁱs.

25 W. And that is Dick Secord?

26 C. Dick Secord, that is correct.

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1 W. Okay, now let me move ^{to Mar 2} Minths.

2 C. Nice town, ^{Mar 2} Minths.

3 W. Love to go there. The, uh, I think you'll recall from

4 reading the transcripts that the ^{Mar 2} Minths meeting begins with North

5 giving basically a progress report to the Iranians, uh, first let

6 me ask you, [REDACTED] attends the ^{Mar 2} Minths meeting. Does [REDACTED]

7 at all attend that meeting?

8 C. No, he's not there.

9 W. The notations in North's notebook indicate that he's in

10 [REDACTED] during that period of time. Do you recall anything to

11 do with his visiting [REDACTED] during that period of time?

12 C. No.

13 W. And, uh, otherwise it's you and North, Hakim, Secord,

14 and [REDACTED] is that correct?

15 C. That's correct.

16 W. Anyone else?

17 C. There were [REDACTED] from [REDACTED] and [REDACTED]

18 that always accompanies [REDACTED] they were there but they didn't

19 participate in the meetings. Also [REDACTED] was there.

20 W. Let me back you up on the subject of [REDACTED] and

21 [REDACTED] Were they also present at Frankfurt?

22 C. I don't think so, not that I recall.

23 W. What were they doing in ^{Mar 2} Minths?

24 C. Uh, I have to jog, I think that Hakim just brought them

25 over. [REDACTED] was bringing something and I forget what it was.

26 And [REDACTED] came over because North asked him we were supposed

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1 to congratulate him for his great works he had done, whatever they
2 were. But he did not participate in any of the meetings.

3 W. [REDACTED] I think at that time was a security
4 concern [REDACTED] Is that
5 correct?

6 C. That's correct. And also we knew he was lying about
7 Ghorbanifar.

8 W. There was some concern expressed in the Washington
9 meeting that he might even be [REDACTED] Do you recall any
10 credence to that?

11

12 C. That's Ollie North's, you know to warning the Iranians
13 who they are dealing with. You know, for all we know he's [REDACTED]
14 [REDACTED] I don't know whether he is or not. The interesting thing
15 is that [REDACTED] I don't know whether it was at this meeting or
16 at the Frankfurt meeting wanted [REDACTED] cut out. Even though he
17 was ostensibly an exofficio Iranian official buying arms for
18 Iran.

19 W. And officially I think that [REDACTED] had named him as
20 one of the people who was going to serve on the joint
21 commission. Is that right?

22 C. No, not [REDACTED]

23 W. I think that was in Washington, when asked to name the
24 Iranian team he said that he wanted [REDACTED] to handle logistics.

25 C. Yeh, but he would not be a member of the team.

26 W. That is recorded in Secord's notes as being a member of

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1 the joint commission.

2 C. No.

3 W. So that would be contrary to your understanding.

4 C. They would use him for logistics support type things

5 because he knew his way around but he would not, we had the four

6 members of the team.

7 W. You got those in ^{Mane} ~~Mane~~ ^{Mane}, is that right?

8 C. I think they gave them to us in Frankfurt.

9 W. You made a memo on that and I'll show it to you.

10 C. It could be but.

11 W. Let me run through this progress report that North gave

12 and what I want you to do is see if you can shed light on whether

13 any of these actions was taken or to the contrary if you know

14 them not to have been taken to illuminate the committee on that

15 point. North listed among the steps the United States has taken

16 [REDACTED]

17 [REDACTED] Do you know whether that was the case?

18 C. I don't know.

19 W. Uh, the United States also had had private discussions

20 with [REDACTED] of undetermined character, the Kuwaitis and had

21 talked very privately with [REDACTED] according to North. Do

22 you recall beyond just that those talks were represented to have

23 occurred what the substance might have been?

24 C. Uh, Ollie told uh, Ollie told me that they were going

25 to talk to the people.

26 W. Okay, but North is representing that the United States

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1 has talked to these people. That is [REDACTED] the Kuwaitis

2 [REDACTED]

3 C. And as far as I know it's in the person of ~~Mr~~ Admiral
4 Poindexter and the subjects concerned the Iranian position on
5 ~~Saddam~~ ^{Saddam} Hussein is a prerequisite to peace uh, the hostage problem
6 being tied up to the ~~Dawa~~ ^{Dawa} problem and the fact that the Iranians
7 were very much interested in improving relations with the Gulf
8 neighbors.

9 W. Okay now, I think the Iranian position on ~~Saddam~~ ^{Saddam} Hussein
10 was publicly known in the Gulf. Is that fair to say?

11 C. Well, I would say, publicly yes, but I think that what
12 we were trying to do was emphasize that we had done an awful lot
13 of research on us and had gotten an awful lot of information and
14 had assured [REDACTED] that nothing was going to move until
15 ~~Saddam~~ ^{Saddam} Hussein went.

16 W. Now did you understand that the United States...

17 C. Oh, the Iranians, one of the things that they asked us
18 you know, I think it was at the Frankfurt meeting, to make it
19 clear to [REDACTED] that they weren't about to enter into
20 any kind of peace negotiations as long as ~~Saddam~~ ^{Saddam} Hussein was in
21 power.

22 W. Was there any concern that if the Iranians succeeded in
23 ousting ~~Saddam~~ ^{Saddam} Hussein it would be an absolutely phenomenal
24 victory in the region for them?

25 C. There was for them but one of the things that they, the
26 message that they wanted to get across to is they said look, we

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1 don't want it, we don't care if there's an Islamic government or
 2 not we are willing to go along with the government that is
 3 suitable to [REDACTED] and if they want to play a role in a
 4 subsequent government fine, we just don't want anything to do
 5 with ^{Saddam}~~Saddam~~ Hussein and the Bath.

6 W. Did you have any concern that uh, in the event that
 7 Hussein was removed the pot might be boiling enough in Iraq that
 8 Iran would be tempted to seek through its own agents to influence
 9 the character of the government?

10 C. If you're asking if I believed in the Iranian's
 11 sincerity in what they said, no I didn't. [REDACTED]

[REDACTED]

16 W. So you would have had some reservations about whether
 17 in the event that real political instability had manifested
 18 itself in Iraq that the Iranians might nonetheless have taken
 19 advantage of that, is that correct?

20 C. You know one of the few periods of political stability
 21 in Iraq has been ^{Saddam}~~Saddam~~ Hussein's ^{rule}~~rule~~.

22 W. Okay, but you would have been concerned ⁿ~~n~~ in the event
 23 there had been political instability in the wake of his departure
 24 that Iran might have been tempted notwithstanding its words to
 25 the American negotiators to try to and effect the shape of the
 26 next regime.

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1 C. I didn't have any doubts about that.

2 W. Next statement beyond the very private talks with [REDACTED]

3 [REDACTED] was that [REDACTED] stated that on October 12 the I
4 believe it was [REDACTED] met with an Iranian representative and
5 that [REDACTED] said that he was that he had or was going to
6 shut off the Iraqi pipeline that flows to the Red Sea when [REDACTED]
7 [REDACTED] said that North said that's us doing that, in other
8 words influencing the Iraqis to cut off the pipeline to the Red
9 Sea. [REDACTED] do you know whether that actually occurred [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 C. There was a shut-off by the pipeline and I think the
13 reason that was given was technical. [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 W. In fact he had that meeting on October 12, he had had
22 that meeting by the time the ^{1400Z} meeting had occurred. Now do
23 you know whether when North said "that's us" ^{dur} during the meeting,
24 whether "that's us" influencing the cut off of the Red Sea oil
25 pipeline, do you know whether there was any validity to that
26 statement?

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1 C. I have know concrete evidence that there is other than
2 what North said.

3 W. There also was a good deal of discussion in ^{Maine} ~~Missile~~
4 about Phoenix Missiles. Do you recall that?

5 C. Yes I do.

6 W. There was a discussion in particular about the need to
7 bring in technicians to repair 72 Phoenix Missiles that the
8 Iranians hoped would eventually bring down some Iraqi fighters
9 who were punishing their, or bombers I guess who were punishing
10 their economic lifelines. Do you know how far the talk
11 progressed on the subject of the Phoenix technicians?

12 C. We did a lot of talking about that and I guess you
13 could say there was agreement in principle if everything else
14 went down right to send a technician in this would be roughly
15 about the same time we would send a commo team in to maintain
16 secure relations between the uh, secure communications between
17 the two countries.

18 W. Now there was also talk about sending in a Hawk
19 technician, correct?

20 C. That's correct.

21 W. That would be a technician distinct from a Phoenix
22 technician?

23 C. Yes, the reason the Hawk thing came up because in
24 analyzing the request for spare parts no one can figure out why
25 they wanted some of the things they wanted. We tried to tell
26 them they didn't need us and they said no their technicians said

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1 they needed them and we said well you know if you're ordering ten
2 of these things it takes a hundred years to order ten of them
3 (laughter).

4 W. Long war.

5 C. So, we were saying also and what Secord was doing is
6 get someone in there that could look over their logistics, they
7 probably had a lot of the stuff and just didn't know how to find
8 it.

9 W. What you mean by that is they have a computerized
10 logistics system that they can't crack anymore.

11 C. Yeah, they can't get it working.

12 W. So they don't know what they have.

13 C. Well they gave us a lot of examples of how poor their
14 logistics system is. Prior to one of these assaults or one of
15 these offensives they call everyone they can think of all over
16 the country. How many 105 rounds have you got, how many
17 recoilless rifle rounds you have got, just to find what they'd
18 gotten and get it assembled. It's done almost mechanically.

19 W. There was in the ^{Main} ~~Minas~~ tapes and I think you recall
20 this, there was discussion on the Hawk technician that in fact he
21 had been identified and there was even some talk about him coming
22 in under contract. It sounded from the tape as though his
23 deployment to Iran would be in the near future. Do you recall
24 how near his deployment to Iran might have been?

25 C. There were two possibilities there. One of them had
26 been discussed with Nir about the possibility, you know there's

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1 [lot of Iranian Jews in Israel and maybe among them could be
 2 found a couple of technicians. The other thing now, I realize
 3 there's [lot of talk about sending a technician I don't know how
 4 real close we ever got to doing that. I don't know if anyone was
 5 ever identified. Secord told them that whether he had actually
 6 identified someone I don't know. I never heard any names.

7 W. North, let's just go back briefly to the ^aDawa, in ^{ainz}M~~exico~~
 8 North said he had spent seven days putting together a plan on
 9 ^aDawa. Did he share that with you?

10 C. He said that in ^{Ma. - 1}~~Mexico~~?

11 W. He said it, in fact he said it just to the Americans.
 12 The way the tape reads that he had spent seven days putting
 13 together a plan on the ^aDawa prisoners. Did he go into any
 14 detail that you recall on that?

15 C. No, I'm certain I would have remembered any detail on
 16 that.

17 W. I'm drawing on your knowledge of Iran on this one.
 18 Have you ever heard of the Ayatollah Khomeini referred to as His
 19 Holiness the ~~Iman~~?

20 C. Well he's referred to as the ~~Iman~~ but not His Holiness.
 21 I've never heard to him as His Holiness, just to say the ~~Iman~~ is
 22 to say it all, they refer to him as the ~~Iman~~ Khomeini.

23 W. That's a term I think that Westerners tend to associate
 24 with the Pope. Is that your association?

25 C. Yep, that's correct. (Laughter). Where did you get
 26 that?

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1 W. I don't have it right with me but there was a KL-43
2 message where North imposed a speech for Rafsanjani that was
3 (laughter) in which among other things Iran proclaimed "the
4 enduring reality of its Islami resolution its Christian peace"
5 His Holiness the Imam's gracious command that acts of terrorism
6 are not acceptable to advance the aims of the Islamic resolution.

7 C. At one point they had told us that the Imam was
8 prepared a front law on terrorism.

9 W. They told you that on a couple of occasions had they
10 not?

11 C. Yeah.

12 W. I think that's referred to in Ghorbanifar's letter in
13 July 8 or July 9 and it's also referred to in Secord's notes in
14 the meeting in Washington with [REDACTED] speaking.

15 C. That's correct.

16 W. To your knowledge was that ever issued?

17 C. No not to my knowledge, what he did do is he issued an
18 interesting statement in which the hostages being held in Lebanon
19 should be considered by their takers as prisoners under Islamic
20 law.

21 W. Rather than as spies.

22 C. Yeah, or whatever they were saying.

23 W. Were you able to independently verify that occurred?

24 C. Yes, that was in a public speech. I suspect he cuts a
25 lot less ice among the Lebanese now since the money isn't flowing
26 as freely.

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1 W. And when you say he you mean the Ayatollah?

2 C. Yeah, the Ayatollah. The Imam.

3 W. His Holiness.

4 C. He's Ayatollah O Usmah more correctly.

5 W. I gather you aren't consulted on the proposed speech,
6 is that fair to say?

7 C. I think it's fair to say, yes.

8 W. In the meeting that occurred in Geneva which I believe
9 was in November 8 that is you and North, you're there for a
10 longer period of time than North and Secord, is that correct?

11 C. I guess so, they were taken, North had to leave a day
12 early I think.

13 W. That's the way the notes read.

14 C. My plane left in the afternoon of the day I left,
15 whenever the hell it was. Hakim and I were left there.

16 W. Hakim too attended that meeting, is that correct?

17 C. He attended some of them, yes that's correct. Some of
18 them he didn't attend. I had a long meeting with [REDACTED] in which
19 we discussed intelligence things.

20

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1 W. Let me show you I'm going to mark this as 18-A this is
2 dated November 3, 1986 it is directed to the Director of Central
3 Intelligence and it's attributed to Charles Allen and the subject
4 is the Frankfurt meetings. I asked Charles Allen about this, he
5 says he didn't write it, he says you did, would you take a look at
6 it?

7 C. Yep, I wrote this. And what happened is is, no this is
8 the ~~Frankfurt~~^{Frankfurt} meetings.

9 W. It's headed Frankfurt meeting, but in fact it's a
10 rendition of the ~~Frankfurt~~^{Frankfurt} meetings.

11 C. And, I'm trying to think of why it was handled this way,
12 there's a reason it was but I can't for the life of me think of
13 why it was. The only thing I can think of, it... what he did as
14 you know from reading my memos they're all full of typos and
15 misspellings and ...

16 W. Yes this is really an unusual memorandum in that
17 regard.

18 C. This is what happened here is that Charlie cleaned it
19 up and gave it to his secretary and said send this to the
20 Director. So she had automatically assumed it was from him so
21 that's how it got that way. That's why it's not recognizable as
22 mine immediately. I guess I could even deny I wrote it and
23 people would believe me.

24 W. Not anymore.

25 C. Okay.

26 W. The discussion on page 3 really or page 4 excuse me of

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1 this exhibit 18-A in the middle of the page there's a reference
 2 to a discussion of the Phoenix Missiles. Was there consideration
 3 given to what kind of an impact the ^{resuscitation}~~resuscitation~~ the missiles
 4 might have on the conduct of the war?

5 C. Yes and it was considered pretty marginal. The fact is
 6 that we were not prepared to send in a technician until this
 7 thing got pretty far down the way. All the hostages would have
 8 had to have been released.

9 W. But you didn't think that would happen if the ^{Bakki}~~Bakki~~
 10 Valley ^{Shi'ite}~~Shi'ite~~ had their way.

11 C. I thought most of this stuff was window dressing anyway
 12 I couldn't see all of the ^{Shi'ites}~~Shi'ites~~ releasing all of the people and
 13 we weren't going to do most of this stuff unless that happened.
 14 So I thought it was sort of whistling ~~in~~ Dixie.

15 W. The memorandum contains a reference to the, to four
 16 people who are going to serve on the commission, the joint
 17 commission, that's down on the bottom of the same page you're
 18 looking at, page 4.

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1 W. Now I've got to ask you a question Mr. Cave. If you
2 survey this list then [REDACTED] according to Albert Hakim is
3 present at the February meeting in Frankfurt which is a first
4 channel meeting.

5 C. I didn't know that.

6 W. I know you didn't know that. But [REDACTED] again
7 shows up at first channel meeting in Tehran, is that correct?

8 C. That is correct.

9 W. [REDACTED] is the main contact point for Ghorbanifar in
10 Iran so and then these people all show up on the joint commission
11 proposed by the 'second channel' representative the Rev Guard
12 Intelligence Office or by [REDACTED] himself in ^{name} ~~Months~~. Now the
13 question occurs as you see the personalities as all being the
14 same that in dealing with the second channel aren't we really
15 dealing with the same political factions we were dealing with
16 through the first channel? And before I have you answer that let
17 me change the tape.

18
19
20
21
22
23
24 TAPE TWELVE - TWC/hgp

25 CONTINUATION OF EXAMINATION OF GEORGE CAVE BY MR. WOODCOCK:

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1 W. The question pending is aren't we really dealing with
2 the same cast of characters even though we've switched from
3 Ghorbanifar to [REDACTED]

4 C. I asked a similar question and put it in a different way
5 to him when he brought these names up.

6 W. And to him is...

7 C. [REDACTED] Now you've got to remember that the, we were
8 always dealing with a faction of the Iranian government not the
9 Iranian government and the faction was the one controlled by
10 Rafsanjani. Now, when you get into some of these guys,

11 [REDACTED] is Rafsanjani's man and the man he sent over to talk
12 to Bud McFarlane the second day. Now when you get into some of
13 the, what about [REDACTED] now you told us this was not a
14 supportable channel and he said Rafsanjani's view of this is that
15 we have to have members of each faction the three wings in the
16 government and the guy from the radical faction is going to be
17 [REDACTED] because he's already been cut in so there's a security
18 consideration also. [REDACTED] is very conservative, is a
19 great admirer of Khomeini incidentally, the president. But the
20 two other guys are both, [REDACTED] are both very
21 strong supporters of Rafsanjani his men.

22 W. You don't identify [REDACTED] with Rafsanjani is that
23 correct?

24 C. No he's more, he's a conservative he told me that, you
25 know they said some things about Khomeini and then when we were
26 alone he said don't to all this he's a very good man, very

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1 honest, listen to what he says not what people say about him.

2 W. Given that [REDACTED] shows up in Frankfurt haven't they
3 really affected the joint agreement among the factions even as
4 early as February 1986? You've got [REDACTED] you've got
5 [REDACTED]

6 C. Yeah, according to [REDACTED] when I questioned it was
7 always his [REDACTED] idea that everyone had to be involved in this
8 so that they couldn't come out and criticize it.

9 W. That pre-dates [REDACTED] involvement is that correct?

10 C. That's correct. He knew that we were in Tehran.

11 W. Rafsanjani did?

12 C. No, [REDACTED] did, he told us that.

13 W. And the presence of [REDACTED] in the May negotiations
14 would indicate that Rafsanjani was aware and that tolerating this
15 at that stage, is that correct?

16 C. Yes, he was sent over by Rafsanjani as his man to be in
17 the negotiations. Now one of the interesting things when we were
18 in Tehran is he and [REDACTED] had several long arguments about
19 how to proceed. We could listen to them, they would go out on
20 the court, out of the range of their listening devices and haggle
21 at one point they were accusing each other you know if this thing
22 doesn't succeed it's going to be your fault cause you didn't do
23 the right things. This is the way he explained it to me the
24 security considerations, to keep as few people involved as
25 possible and also they wanted to get everyone involved and then
26 they swore them to secrecy, you know a representative of each of

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1 the three wings.

2 W. Now, Mr. Cave just a few more questions here. Your
3 memorandum of the meetings in Geneva states as I think you've
4 already testified that the Americans advised [REDACTED] that the
5 United States had done all that was humanly possible by talking
6 directly to the Kuwaitis. Now what did you mean by that by
7 talking directly to the Kuwaitis.

8 C. Well I was just passing on, this was not just me
9 talking it was Ollie talking. We had the one whole day we talked
10 about how, they kept wanting us to do more he wanted us to give
11 him a guarantee, that if they sent someone to talk to the
12 Kuwaitis something would result from it.

13 W. And all you could say was that you would be warmly
14 received.

15 C. All we could say is the Kuwaitis are going to be
16 willing to talk to you and you've got to take it from there kid.

17 W. Okay, but what when, your memorandum says you've done
18 all you can by talking directly to the Kuwaitis what direct
19 talking has been to the Kuwaitis that you're aware of.

20 C. My understanding is that Admiral Poindexter had talked
21 to the Kuwaiti Foreign Minister. Now I never saw minutes to
22 that meeting or a memorandum of it so I don't know precisely what
23 took part.

24 W. Now North in his notebooks for this period refers to a
25 six step Kuwaiti plan, do you know what he's writing about
26 there?

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1 C. No I don't.

2 W. Now in this meeting that occurred in Geneva with
3 [REDACTED] according, in North's notebooks of his meeting with
4 [REDACTED] and this is not reflected in your notes which I haven't
5 put in front of you but I'll make that representation.

6 C. Maybe because I was translating.

7 W. I don't know what the reason would be but let me just
8 bring out the point here. [REDACTED] took some time in as
9 reflected in North's notebooks describing or trying to describe a
10 distinction between the Islamic Jihad organization and Hiz^zall^ah.

11 C. That's true.

12 W. The one being susceptible by the influence by the
13 Iranians and the other, that is the Islamic Jihad being less
14 susceptible to influence by the Iranians. And then he has an
15 entry, North has an entry in his notebooks that appears to be a
16 really quite a wishywashy statement on [REDACTED] part saying
17 that if the, some of the Da^zwa prisoners were released then
18 something may be possible, which is about as indefinite as you
19 can get. Is that where the Iranians were at this point?

20 C. I had all along as you know concluded that we weren't
21 going to get many released and I remember the long talks we had
22 with [REDACTED] I think that the last guy we got out was the
23 last guy we were going to get out, Jacobsen and I think that's
24 reflected there as they just can't, the Hiz^za^allah wasn't going to
25 release anymore people until they got some of their demands
26 satisfied. That's also reflected in what [REDACTED] was saying.

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1 However, I go into some of the things, the differentiation
2 between Hiz^za^allah and Islamic Jihad, which he's saying Islamic
3 Jihad is not really an organization as the same sense as
4 Hiz^za^allah in that something sort of, different people come
5 together for a specific purpose.

6 W. So you accepted his distinction between Hiz^za^allah and
7 the Islamic Jihad, is that correct?

8 C. Not necessarily.

9 W. Where do you fail to endorse his description?

10 C. I don't think we know about, I think when they're going
11 to do something, that they don't want to necessarily be blamed for
12 it they call it Islamic Jihad.

13 W. [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 C. [REDACTED]

17 W. Is [REDACTED] just trying to throw some smoke in your
18 eyes at this point?

19 C. I think so. [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 W. And [REDACTED] is trying to make the point in North's
24 notes that because these are different organizations and Islamic
25 Jihad is really holding the hostages Iran is not going to have
26 that much influence. But you don't accept their influence being

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1 or waning on that particular point.

2 C. I think that what he was trying to do is give an
3 explanation as to why they can't get anymore hostages released.
4 And he was less than truthful.

5 W. Just for the record I'm going to identify the
6 memorandum I was referring to from the CIA as actually a National
7 Intelligence Council memorandum signed by Graham Fuller and, the
8 particular point that I was referring to was that until February
9 1985 some of the hostages including several Americans were held

10 [REDACTED]

11 [REDACTED] The Islamic Jihad organization and the
12 revolutionary justice organization have claimed responsibility
13 for most of the abductions most names are used as covers by
14 Hiz³₁^aballah. Do you agree with that?

15 C. Yeah, I think so, I think that's pretty accurate.

16 W. Now moving on to the last topic. In December of 1986
17 you met with [REDACTED] for the last time.

18 C. That is correct.

19 W. That is a meeting that was arranged by Albert Hakim.

20 C. Yeah, we had to go th^{ough} him to get to [REDACTED]

21 W. Did you try earlier to set up the meeting through

22 [REDACTED]

23 C. We did, we called, I called him and what [REDACTED] said
24 was that he would be in contact with Albert.

25 W. So ultimately it was Hakim who set up the meeting.

26 C. Yes he set up the meeting.

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1 W. Before the meeting began you ran into Hakim in the
2 hotel lobby and he informed you that he wasn't going to show up
3 unless his lawyer would show up as well, is that correct?

4 C. Well at first he said ask Dunbar if he wants me to
5 attend. I think I called Charlie and he said well I don't care
6 and so I got back to him and he said if I'm going to attend I
7 want my lawyer there. So I called Charlie back and he says well
8 no lawyer. So Albert didn't attend any of the meetings.

9 W. The, uh, Dunbar wrote reports on these meetings that he
10 sent back to Washington that were then submitted to Secretary
11 Shultz by Arnie Rafael. You know Arnie Rafael don't you?

12 C. Yes, very well.

13 W. Did you know Charlie Dunbar before this meeting you had
14 in December?

15 C. No.

16 W. Before the meeting actually occurred there were ground
17 rules set forth for the negotiations which severely circumscribed
18 the ambit of the channel and Charles Allen wrote a memorandum in
19 fact...

20 C. Charles Allen and I wrote a memo.

21 W. I thought that might be the case, that Charles Allen
22 wanted to make Director Casey aware of the extremely limited
23 character of the negotiating points.

24 C. We got the terms of reference on the morning I was
25 scheduled to leave to go to Frankfurt, Charlie and I. I took
26 one look at them and told Charlie that if, my understanding from

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1 the NSPG meeting on the 24th November is the President wanted
 2 this to, this channel to be kept open and if these terms of
 3 reference Amir followed it was just going to click everything
 4 off. So what we did was we called, we saw Casey and Casey said
 5 okay write me a memo on it and I will call Don Regan and I had to
 6 leave. Now when, to go to Frankfurt. But the next morning,
 7 Charlie and I were going, were translating the terms of
 8 reference into Far^Ssi when he got called and I called and I got
 9 the change in instructions in my channel and he got the same
 10 thing in his. And then we use those. Now as it turns out
 11 nothing came of it but they were, it was an indication to the
 12 United States, at least we left them that we were willing to keep
 13 open the channel for discussions.

14 W. So the limited instructions were not conveyed to
 15 [REDACTED] is that correct?

16 C. No the revised ones were conveyed to him.

17 W. And your understanding, let me say your knowledge I
 18 gather it would be is that Charlie Dunbar received this expanded
 19 instruction from his people as you received it from yours, is that
 20 correct?

21 C. This was based on an instruct^{ion}ed by Dr. Keel that the
 22 State Department send, that identical instructions be sent out in
 23 State channels and CIA channels.

24 W. That is Alton Keel?

25 C. That is correct. Also the instructions were not as
 26 Secretary Shultz testified to.

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1 W. Now if you'll take a moment and distinguish where you
2 and the Secretary part company on the ambit of the instructions.

3 C. In his testimony Secretary Shultz said that Casey had
4 gone behind his back to get the instruction changed so that arms
5 shipments can be continued. The paragraph in the instructions
6 regarding the arms shipments were not changed, they were
7 identical, there will be no additional arms shipments until there
8 is peace and normal relations between Iran and the United States.

9 W. Do you have any idea where the Secretary got the
10 misconception that he testified to?

11 C. No, he must have been either poorly advised or that's
12 all I can come up with. Because I even have copies of things I
13 was so upset when he made the statement, the original
14 instructions as are here and this is the paragraph on the arms
15 and the revised paragraph on the arms is here and it's virtually
16 the same.

17 W. Let me just take a moment and make a copy of that it
18 should be marked for the record. First Mr. Cave, you had pulled
19 out of your pocket 3 documents I just want to identify them for
20 the record. The first I've marked as 19-A this is a terms of
21 reference memo from Charles Allen to the Director of CIA I
22 believe that is the memorandum that you had early testified you
23 and Charles Allen worked on to change the terms of reference. Is
24 that correct?

25 C. This is a memo that we wrote regarding the terms of
26 reference that we received the morning of the same day, 12

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1 December which was sent over by the State Department which as far
2 as we could tell went against the President's explicit
3 instructions on keeping the channel, trying to keep the channel
4 open.

5 W. The first thing I'm referring to, 19-A, is the cover
6 memo you and Charlie Allen did, is that correct?

7 C. That's correct.

8 W. Now would identify 20-A for the record for me?

9 C. These are the terms of reference for the Cave-Dunbar
10 discussions with [REDACTED] which were sent over by the State
11 Department on the morning of 12 December.

12 W. And the paragraph that you had brought to my attention
13 earlier is the one you placed the brackets around? Is that
14 correct?

15 C. That's correct.

16 W. And you had compared before I went off and copied these
17 the bracketed paragraph in 20-A to the bracketed paragraph in 21-
18 A, first before you compare the two again, 21-A is the cable that
19 you received while you were abroad, is that correct?

20 C. Yes that is correct, note the time is the 13th of
21 December that is when I received that [REDACTED]

22 W. And those were your negotiating instructions as
23 amended.

24 C. Those were the change in instructions.

25 W. And now for the record if you would compare the two
26 bracketed paragraphs.

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1 C. The original on exhibit 20-A, the original
 2 instructions on arms sales are as follows and I quote "while the
 3 Reagan administration sees the utility of having a means of
 4 conducting a dialogue with your government there will be no
 5 further transfers of American military equipment to your
 6 government while Iran refuses to negotiate and end the Iran/Iraq
 7 war and while Iran continues to support terrorism." In exhibit
 8 21-A which is the cable I received [REDACTED] the changed
 9 instructions, the paragraph regarding arms supplies reads as
 10 follows "the United States sees the utility of having means of
 11 conducting a dialogue with you government; however, there will be
 12 no further transfer of American military equipment to your
 13 government while Iran refuses to negotiate an end to the
 14 Iran/Iraq war and while Iran continues to support terrorism and
 15 subversion."

16 W. And I gather that Charles Dunbar received identical
 17 instructions through his secure communication channels, is that
 18 correct?

19 C. That's correct. They came into the ConGen in
 20 Frankfurt.

21 W. Before the meeting with [REDACTED] I noted that he's
 22 referred and you've been referring to him sometimes as [REDACTED]
 23 [REDACTED] What's the difference?

24 C. He was mistakenly at one point introduced as [REDACTED]
 25 [REDACTED]

26 W. What's his real name?

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1 C. [REDACTED]

2 W. So if you know [REDACTED] you know the story. Before this
3 meeting occurred had you acquainted Dunbar and the State
4 Department what you understood the nine point plan to be?

5 C. No we had told the Department that we were prepared to
6 brief Dunbar anytime but we were never asked to.

7 W. So when the meeting got underway and [REDACTED] brought
8 up the nine point plan would that have been a surprise to Dunbar
9 do you think?

10 C. I did, he came over and I had lunch with him but we
11 didn't get into a great lot of detail about what had transpired.
12 I didn't have that much time actually. Once I found out that he
13 didn't know about a lot of things and didn't have much of a brief
14 I did my best to brief him on what had fully transpired.

15 W. There is in Dunbar's notes he recounts advising
16 [REDACTED] of the new position with respect to arms and he notes
17 that [REDACTED]'s reaction was well that just brings us back to
18 zero. Do you recall that exchange?

19 C. Yes I do, because what [REDACTED] said well you know,
20 insisted that you told us that the President had agreed to the
21 nine point plan are you going to go through with it or not? And
22 that's when came up the hassle when the President said he never
23 heard of the nine point plan, so...

24 W. I'm going to finish one point on that and then ask you
25 another question and then I'll let you go. First one of our
26 associate counsel and interviewed Dunbar and he said that one of

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1 the things that interested him about [REDACTED] that he was quite
2 unemotional about his response about the bad news that there were
3 going to be no more arms until there was a real dramatic change
4 in Iran's policies. Would you share that observation. Was he
5 quiet and unemotional when he declared when we were back to zero?

6 C. He's pretty, considering for an Iranian, he's fairly
7 unemotional but I think that the only part where his emotion
8 showed was when he asked about the nine point program. Are you
9 going to abide by the nine point program which we agreed to or
10 not? That's the only time I would say that he was really
11 emotional.

12 W. His response, I think Dunbar's notes reflect that
13 [REDACTED] told him you ought to go back to Washington to get
14 briefed on this you obviously don't understand where we are.
15 that comport with your recollection?

Does

16 C. Oh possibly words to that effect. Pretty obvious that
17 poor Charlie, he had been given no brief whatsoever by the
18 Department as far as I could tell, in fact that's what he said to
19 me he told me he had a very narrow brief for this meeting.

20 W. And you had been unable to brief him, your invitation
21 to brief him hadn't been taken up.

22 C. The only time I saw him before we left I said come on
23 over and have lunch and I talked a little bit in general terms.

24 W. There was I think a famous mini-flap that occurred
25 about this time and you were supposed to have overstayed and
26 spoken to [REDACTED] outside the company of the State Department

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1 rep, what's the story on that?

2 C. What happened was, after the meeting, which took place
3 in the afternoon. Charlie and I went out to dinner and he was
4 going to rush back the next morning which was Sunday and I said
5 okay but I'm going to stay over and I will come back Monday
6 morning because I'll go down Sunday and see my grandchildren.
7 And then I spent the rest of that afternoon and that evening
8 trying, sort of briefing him trying to bring him up to snuff as
9 much as I could and he left. Now when I got back to the hotel
10 late Sunday night at 11:00 pm [REDACTED] was sitting down in the
11 lobby, he must have been there for about 5 hours, and he said, he
12 gave me the phone number, he said call our friend, he's received
13 instructions from Tehran. So I called him, cause he knew he
14 wasn't supposed to see me, so he said, I've just, I've already
15 received an answer from Tehran and I'd like to see Ambassador
16 Dunbar as soon as possible and I said well gee he's already left,
17 he left this morning. And he said well I've just got this brief
18 message to pass on could I bring it over to you first thing
19 tomorrow morning. And I said well okay, he said it's important.
20 So he came over to the, he was only there about 15 minutes, he
21 read it off and I wrote it down and I immediately [REDACTED]
22 [REDACTED] sent it exactly as he said it to me and told them to
23 deliver it to the State Department. And that's the last I saw of
24 [REDACTED]
25 W. It wasn't the last you heard of that encounter I gather.
26 C. I suppose you're not supposed to use initiative.

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1 W. Far be it from me to counsel you at this point Mr.
2 Cave.

3 W. One more question on the nine point plan, I think North
4 and Poindeter both testified that the nine point plan in some
5 version perhaps in the prof note version that we earlier
6 identified as the October 10 prof note was brought to President
7 Reagan's attention and President Reagan approved it. Did anyone
8 tell you contemporaneously and this would ^{be} October 1986 or
9 thereafter that the plan had been brought to President Reagan's
10 attention and that he had approved it?

11 C. Yes, Col. North told me.

12 W. Do you recall when?

13 C. After I got back from Frankfurt, cause I called, I
14 called Ollie right after I got back and I recall specifically I
15 don't know if it was in a meeting or whether it was on the phone
16 but he told me that the President had approved it.

17 W. And did he tell whether he had sought the approval or
18 Poindexter had gotten the approval or how it had been given?

19 C. He didn't say how it had been given, he just said that
20 he had seen the nine point plan and he had approved it.

21 W. I have to ask you Mr. Cave, this nine point plan that
22 he says the President approved, is that what was presented in the
23 prof note of October 10?

24 C. What's represented in the prof note to the best of my
25 knowledge, yes.

26 W. Which in the prof note has seven points in it, but that

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1 would be referred to as the nine point plan?

2 C. That's correct.

3 W. Let me thank you for letting me put you in one more

4 long day since I'm going back to Maine which means you've

5 probably seen the last of me which means you've probably seen the

6 last of a long day like this in front of our committees. Thank

7 you again. Thank you Mr. Pearline, thank you Mr. Moffett as well.

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 under provisions of E.O. 12958
 by K. Johnson, National Security Council

-TOP SECRET SENSITIVE

This is an account of the U.S. mission to Tehran from May 25 through May 28, together with some comments and observations. The U.S. team was headed by McFarland with Goode, McGrath, Miller and O'neil making up the rest of the team. A communicator also accompanied the team on the trip into Tehran.

The team arrived in Tehran at 0830 hours on 25 May and was left to cool its collective heels for about two hours. During this period the Iranian Air Force put on a show in which one by one a squadron of F-4's took off from Mehrabad Airport. The planes carried no ordnance and according to the Mehrabad base commander they were flying training missions. According to Gorba, the Iranians recently recieved a shipment of F-4 spare parts and the flights were training flights to bring some of their pilots up to snuff. The first Iranian official to show up who was connected with this operation was [redacted] who was already known to the air crew. The base Commander [redacted] also put in an appearance and made pleasant conversation. He was also there at our departure. It is unclear how much he was cut in on the operation. Gorba showed up about half an hour after our arrival. He said that we had arrived an hour early and this was the reason there was no one at the airport to receive us. We were later told that the receiving party had gone to the military side of the base expecting us to park our plane there. Gorba told us that for security reasons we were being given the entire top floor of the Hilton Hotel, now renamed the Istiqlal (Independence).

[redacted] finally arrived and after some small talk we departed for the hotel. While still at the airport, Gorba informed us that everything was going well and the Iranians had already dispatched a representative to secure the release of the hostages.

While on the plane McFarland, Goode and O'neil rehearsed a discussion of the briefs which we would run through in the hotel for the benefit of Iranian coverage of the American delegation. In short the play acting was designed to give the brief good sourcing. We expressed our concern out loud that the Iranians would not believe the Soviet invasion plan. We worried that we could not indicate the real source of the information due to said source's sensitivity. The sensitive source, dubbed "Vladimir" by Goode was described as a Major General who had taken part in two of the war games on the invasion of Iran. O'neil subsequently gave [redacted] a brief glance at the briefing book to whet his appetite and gave them something to which they could tie their audio coverage. None of the three briefs were given.

The first substantive meeting took place late in the afternoon of 26 May. The Iranian side consisted of [redacted], a named [redacted] and a man named [redacted] whom Gorba described as being in their intelligence service. This initial meeting was hostile with the Iranians listing past sins of the United States etc. The meeting ended with what appeared to be little chance of any progress. Basically the American side insisted on adherence to the agreement as we understood it, and the Iranians insisting that America must do more to atone for its sins. At the end of the meeting, [redacted] set the tone by saying that even if no progress is made during the discussions, we were their guests and Iranians honored guests.

The first crisis occurred later in the evening when the Iranians

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insisted on removing the one crew member who was staying on the plane. They insisted that we had agreed to this at the earlier meeting. McFarland's response to this was that we pack up and leave. O'neil consulted with a young man [redacted] who stayed in the hotel with us during the visit. He had been introduced to us as the one person to contact to solve any problems which might come up. [redacted] was very upset that [redacted] consulted [redacted] about the plane and referred to it as a breach of security on our part. He insisted that their primary concern was our security and this was adduced as the reason we were to stay couped up on the 15th floor of the hotel. We succeeded in getting a crew member back on the plane the following day. It was clear that the Iranians only wanted to search the plane. The search seemed to satisfy them and we had no subsequent problems on this issue. [redacted] was also very upset that we had our own communications (this was reason we gave for having a man on the plane at all times). He argued that Iranian intelligence would pick up the signals and this could jeopardize the security of whole operation. He said that they would put what ever we wished at our disposal including a dedicated telex. We insisted on our own commo and he gradually backed off. The hostile attitude of the Iranians on the first day left us a little uneasy.

On Monday we were left to our own devices throughout most of the day. We finally had another meeting late in the afternoon. At this meeting, another Iranian was introduced as [redacted]. He is [redacted].

[redacted] He is [redacted]. At this meeting, McFarland outlined the reasons we were in Tehran. We wished to lay the groundwork for a new political and strategic relationship between our two countries. We considered the arms supplies as an example of our good faith and we insisted on the release of the hostages as an example of their good faith. [redacted] made the appropriate noises and said that Iran was prepared to have normal relations with every country, except two, Israel and South Africa. McFarland outlined our concerns about soviet designs on Iran and told the Iranians that we would provide them with a briefing which would detail our reasons for concern. He also spoke of Sadam Hussayn's December visit to Moscow in which the Soviets promised Sadam that they would do everything to prevent Iraq from losing the war. [redacted] tried some of the usual Iranian bravado by claiming that if the Soviets attacked, the Iranian soldiers would do well against them because of their devotion to shoheda. This was followed by a load of shit on shoheda. On the Iranian side [redacted] concentrated on the Hostage issue and [redacted] on the arms transactions. [redacted] said that they had already heard from their man in Lebanon who said that the group holding the hostages had insisted on several conditions as follows: (1) Israeli withdrawal from the Golan heights (2) Israeli withdrawal from southern Lebanon (3) Removal of Lahad to East Beirut (4) freeing [redacted] imprisoned Shi'ites in Kuwait, and (5) re-imbursement for the expenses of holding the hostages. [redacted] graciously volunteered that Iran would pay these expenses. [redacted] argued that we were not upholding our part of the deal because we had promised to bring half the parts with us (no such promise was made). He did not repeat his Sunday claim that the parts we brought were used. He insisted that we bring the rest of the parts before the release of the hostages. We stuck to the terms of the agreement. When things seemed to go unstuck, McFarland got up and said that we would leave if they couldn't uphold their end of the

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bargin. This upset [redacted] who said that McFarland was very firm and stern (tong-ro) and they as Iranians liked to negotiate in a more gentle (narm) atmosphere. What was encouraging about Monday's meetings was that the Iranians were far more friendly than on Sunday.

By this time it was clear that McFarland was not going to meet any of the principles that had been mentioned by Gorba. McFarland then told the Iranians that they could continue negotiations with the American staff and go back to him when some kind of agreement was reached. [redacted] was the big issue of the problems our presence in Tehran caused them. He stated that a senior official could not afford the political risk of dealing with McFarland. He pointed out that it was Bazergan's meeting with Khomeini that brought down the Bazergan government. Based on [redacted] we can take it as a certainty that Khomeini was not braver than our presence or our mission. He would have to give his blessing before any senior official would dare to meet with a senior American official. We ran into the same problem in our discussions with the Bazergan government. Gorba also let drop that [redacted] one of the senior personages that he had supposedly arranged for us to meet was also not aware of our presence.

Tuesday was a day of marathon negotiations with the Iranians stalling for time and trying to get the most out of the American delegation. The American delegation stuck by the terms of the original agreement and insisted that after the terms of the Frankfurt agreement were met, we would meet and discuss in detail their needs and the outline of our two countries' future relations. The American delegation proposed a specific timing for a subsequent meeting. During the late afternoon it was agreed that the American team would draw up an agreement which would be discussed later in the evening. To save time O'Neil began working on a translation which was later completed by he and Gorba.

During Tuesday's negotiations, all the demands of the hostages holders evaporated except for the demand for the release of the Shi'ite prisoners in Kuwait. Goode handled this part of the negotiations by firmly stating that the United States would not interfere in the internal affairs of Kuwait, particularly in an instance where Kuwaiti due legal process had been carried out. We would however seek to better the condition of Shia prisoners through the good offices of international organizations such as the Red Cross and the Red Crescent. Goode warned that as far as the well being of the Shi'ite prisoners in Kuwait is concerned, there had better not be any more terrorist activity directed at the Royal family in Kuwait.

The draft agreement was the subject of intense negotiations with the Iranians making some counter proposals which were designed to gain them more time. Talks broke off around midnight with the Iranian delegation saying it wanted to caucus. For the next two hours, [redacted] discussions were held within the Iranian delegation. [redacted] and [redacted] both said that the other would be responsible if nothing comes of the [redacted] negotiations. Finally, shortly before two on Wednesday morning, [redacted] asked to see McFarland. He wanted assurances that he would deliver the remaining spare parts two hours after the hostages were released, and would stay after the arrival of the spare parts to handle the additional Iranian needs. He also asked for more time to get control of the hostages. McFarland gave [redacted] until 0630 Wednesday morning to arrange for the release of the hostages. The American delegation retired to grab a couple of hours sleep knowing that we had at least out-frazzled

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them.

The first Iranian to put in an appearance Wednesday morning was [redacted] who looked totally dejected and refused to make any comment other than salam. The fact that Gorba did not show up also was a clear indication that [redacted] had not gone too well. [redacted] put in an appearance [redacted] they were working hard on the release, but would need more [redacted]. He [redacted] asked if we would accept two being released immediately and two more for the delivery. He was told that we would leave for the airport after finishing breakfast. We also heard from the aircrew that the plane was being refueled. This had been worrisome for the Iranian as the plane had stalled on refueling the plane. We also received a message from Washington saying there was [redacted]

[redacted] American delegation departed the hotel at about 0730. [redacted] accompanied the delegation to the Airport. [redacted] did not put in an appearance after his final talk with McFarland. At planeside, [redacted] asked to speak with McFarland. He asked for more time saying that arranging for the release was a very delicate and time consuming effort. McFarland told him that the plane with the spare parts was in the air, but if no word on the release of the hostages was heard by 0930, the plane would turn around and return to its base. O'neil was the last of the delegation to board the plane before take-off and he and [redacted] had one last exchange. [redacted] admitted that the hostages were not under their control. O'neil told him to get them under Iranian control. [redacted] said that they would seek to do this and that he would send Gorba to Europe to maintain contact with us. Our aircraft departed at 0900.

The above account is O'neil's outline recollection of what transpired and may differ somewhat from what others recall, but it is needed for O'neil's comments and recommendation to make sense.

COMMENTS:

1. If Gorba does appear, we must press him for positive identification of the people with whom we talked. Since [redacted] actually forget his alias during the course of one evening's discussions, we can assume that the others were using aliases, particularly since we have no traces on [redacted] may not be a true name. [redacted] He is [redacted] If [redacted] is an alias it may explain why [redacted] have not been able to identify such a person.
2. It is quite possible that the Iranian side [redacted] negotiating under the impression that we were only interested in [redacted] for the hostages. This would explain why they tried so hard [redacted] us to do more in exchange for the hostages, i.e., the 20 hawk [redacted] and the 18 additional hipar radars. It was therefore a good [redacted] leave a translation of the draft agreement with them as [redacted] them something to chew on. McFarland issued a stern warning that we are getting fed up with overtures from them that don't pan out. We are interested in a long term political and strategic [redacted] relationship, and if Iran does not pick up on this opportunity it may [redacted] years before there is another one.
3. Ramadan was certainly a factor in how the negotiations went.

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also the problem caused by not being able to see anyone in a position of power. The people we were negotiating with were a [redacted] [redacted] The fact that [redacted] breath could curl rhino hide was no help either. On the positive side was the change in the attitude of the Iranian delegation. By tuesday they were begging us to stay.

4. We have the problem of a dishonest interlocutor. The Iranian side [redacted] hear that they were upset with Gorba. On tuesday, [redacted] to [redacted] one of the problems in our negotiations was the fact that [redacted] for to [redacted] Gorba gave each side a different picture of the nature of the deal. O'neil made the point to [redacted] that the letters [redacted] recieved were from Gorba, not the U.S. government. We will have to [redacted] heavily on Gorba in the future.

Since both Gorba and [redacted] stand to make a lot of money out of the deal, they presumably will work hard to bring it off. Gorba has very [redacted] for seeing that the deal goes through. The serious problem [redacted] address is whether the Iranians can gain control of the hostages [redacted] This could be our real problem. The Iranians side may be most willing, but unable to gain control.

RECOMMENDATION

Through hindsight it would have been better for Goode and O'neil to have gone in first to handle the initial negotiations. We should not have subjected a senior U.S. officer to the indignities he was forced to endure. We have made the point to the Iranians that the draft agreement must be finally negotiated by senior responsible officials from both sides. If we have a subsequent response from the Iranian side it is strongly recommended that Goode and O'neil meet with the Iranian side somewhere in Europe to continue the negotiations.

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MEETING WITH [REDACTED] JULY 10, 1986

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1. [REDACTED] initially described his sources. He stated that he reads all Iranian newspapers that he can get his hands on and also listens to radio broadcasts. He also talks to exiles, sees a lot of Iranians who travel back and forth to Iran, maintains sporadic contact with former colleagues who remain in Iran, but perhaps his most important source of information are the representatives of important Iranians who travel abroad on business. The most important of these is the man who handles [REDACTED]

[REDACTED] can not return to Iran.

2. Like all Iranians, [REDACTED] groups Iranians into pat divisions. He says that Rafsenjani heads one group, Khameni'i another and a third group known as the third line is headed by Seyyed Mehdi Hashemi. This is the real radical group which supports terrorism, etc. [REDACTED] said that there are two other groups worth mentioning, Bazergan's people and another group (ask about this one). [REDACTED] says that Montazari is dominated by Rafsenjani and once Khomeini dies will be Rafsenjani's point man. [REDACTED] said that Rafsenjani and Khameni'i are both brilliant men and will cooperate after Khomeini's death. Rafsenjani now effectively controls the Sepah-i-Pasdar through Mohsen Reza'i. Khameni'i has been resisting the move to incorporate the military into the Pasdars.

3. Sam and Abe told [REDACTED] that there was an interest on the part of the USG in trying to use trade to gradually re-establish relations with Iran. Sam and Abe planned to capitalize on the trade part using contacts in the USG with whom they will coordinate their actions. This of course requires a political decision at the highest level of the Iranian government. [REDACTED] said that he is certain that the vast majority of senior Iranians want to re-establish some degree of political relations with USG with the single exception of the third line people. [REDACTED] said that the current problem is that Khomeini would oppose such action as long as he lives. Groundwork can be done and [REDACTED] proposed that the man to establish contact with is Rafsenjani.

[REDACTED] said that he can explore establishing this contact through [REDACTED]. His contact with [REDACTED] is through [REDACTED]. [REDACTED] suggested that at some time we consider sending in a non-American to do some contacting after ground work has been done.

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 under provisions of E.O. 13526
 by K. Johnson, National Security Council

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CITN #169

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MEETING WITH [REDACTED] ANDS ALBERT HAKIM ON 11 JULY 1986

1. This meeting uncovered some interesting access. Sam first asked

[REDACTED]

[REDACTED] said that he had cleaned up his report a copy of which he passed to sam. He said that if we had further questions he had the ability to get the answers. Sam said he would take a look at the report and get back to him.

2. [REDACTED] said that there were two channels into Hasemi Rafsenjani. [REDACTED] proposed to discuss with us the best of these two channels.

[REDACTED]

3. Hakim spent a lot of time explaining to [REDACTED] that he wanted to get some legitimate business with Iran for Cover purposes. He was willing to sell Medicinals at cost or on a credit basis with up to a year to pay if he could get some other benefit out of it. [REDACTED] suggested oil sales to the US which he was in a position to arrange for fob \$8.20 a barrel. Sam suggested rice since the USG was subsidizing the export of rice at prices far below the going world quotes. There was a question as to whether Oil was embargoed. During the course of the meeting, [REDACTED] said quite frankly that he wasn't going to do this for nothing and Hakim told him that if anything goes through he would get a good commission. Hakim told Sam that he planned to pursue these matters with [REDACTED] no matter what we decided. He has also set up a private polygraph for [REDACTED] on Monday.

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under provisions of E.O. 12958
by K. Johnson, National Security Council

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5114

CIIN #170

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606011 Fair (6H)

1. [REDACTED] WAS VERY RELAXED AND SAID THAT EVERYTHING WAS ARRANGED. HE SAID THAT HE MIGHT GO TO TEHRAN IMMEDIATELY AFTER OUR DISCUSSIONS TO MAKE SURE EVERYTHING STAYS ON TRACK.

2. [REDACTED] WANTED TO KNOW WHO WOULD BE GOING TO TEHRAN. TOLD HIM MACFARLAND, EDDY GOOD AND O'NEIL. PLUS A CONNO SPECIALIST. HE THOUGHT THAT WOULD BE FINE.

3. WE TOLD HIM THAT WE DID NOT WANT TO GO INTO DETAILS AS THIS WAS GOOD'S SHOW AND HE WOULD EXPLAIN EVERYTHING THIS AFTERNOON. HE DID SAY THAT GOOD HAD DRAWN UP A SCHEME THAT WE HOPED WOULD BE ACCEPTABLE TO THE OTHER SIDE. HE EMPHASIZED TO HIM THAT IF THIS THING IS TO WORK HE MUST PLAY A KEY WHICH WE WILL EXPLAIN TO HIM IN GREAT DETAIL THIS AFTERNOON. HE SEEMED PLEASED WITH ALL THIS. HE WAS GOING TO CALL TEHRAN IMMEDIATELY AFTER WE LEFT TO EXPLAIN THAT WE WERE LINING UP ALL THE DUCKS.

4. HE SPENT SOME TIME TELLING US THAT WE MUST MENTION NOTHING ABOUT ISRAEL IN OUR MEETINGS AS THIS COULD QUEER THINGS. HE SAID MAYBE WE COULD MENTION ON LEAVING THAT THEY COULD RELY ON [REDACTED] ON THIS CASE. (WONDER HOW MUCH THIS IS GOING TO COST THE ISRAELIS).

5. HE ALSO SAID THAT WHILE IN TEHRAN HE HAD TALKED TO THE CONSERVATIVE LEADERS LINE NO. 3. - [REDACTED]

[REDACTED] (IN. FARAZI ACCORDING TO OUR RECORDS). [REDACTED] SAID THAT HE HAD ARGUED WITH THEM THAT THIS WAS A GREAT OPPORTUNITY. THEY ARE GOING TO GET INTO POWER AFTER KHOMEINI GOES. SO LET SOMEONE ELSE MAKE THE OPENING TO THE AMERICANS.

6. [REDACTED] ALSO BRIEFED CERTAIN MILITARY LEADERS ON THIS PROJECT TO GET THEIR SUPPLY. NEEDLESS TO SAY THEY WERE ENTHUSIASTIC.

7. ASKED [REDACTED] FOLLOWING: GIVEN A SUCCESSFUL MEETING, WHO WILL HANDLE THE FOLLOW UP ON THE IRANIAN SIDE? THIS CAUGHT HIM BY SURPRISE AND HE SAID THAT HE THOUGHT IT WOULD HAVE TO INVOLVE BOTH RAFTENJANI FROM LINE THREE AND SOME PEOPLE FROM LINE ONE. HE SAID GIVEN THIS HE THOUGHT IT ESSENTIAL THAT THE GROUP ALSO MEET WITH PEOPLE FROM LINE ONE WHICH HE COULD ARRANGE. AS AN ASIDE HE SAID THAT MUSAVI IS BIG PROBLEM IN THAT HE REALLY DOESN'T LIKE YOU GUYS.

8. [REDACTED]

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by: Johnson National Security Council

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Date 12/1/88

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7. WE TOLD HIM THAT WE WANTED TO STRAIGHTEN OUT THE DIFFICULTY OVER THE DIRECT PHONE CALLS TO [REDACTED] TOLD HIM THAT THE CALL WAS INSTIGATED BY [REDACTED] AND NOT US AND IN OUR REPLY WE TOLD [REDACTED] THAT WE CONSIDER THE DEAL TO BE AS ENUNCIATED IN FRANKFURT. [REDACTED] SAID THAT PROBLEM SOLVED AS IT WAS HE WHO TOLD [REDACTED] TO CALL US INDEPENDENTLY TO CHECK ON HIM AND HIS HONESTY VIA ANOTHER CHANNEL. THUS ENDED THIS CONVERSATION.
- 10 THERE WAS SOMETHING IN HIS CONVERSATION WHICH LED US TO BELIEVE HE INDICATED TWO TRIPS TO TEHRAN.
11. WE HAD TO LISTEN TO AT LEAST A HALF AN HOUR OF TALK ON HOW CAREFULLY WE MUST BE IN DEALING WITH THESE GUYS AND HOW WE NEEDED SUCH A PERSON AS HIM TO GUIDE THE WAY HE KNEW HOW TO HANDLE THEM.
12. HE ALSO PROPOSED THAT WE USE PROFITS FROM THESE DEALS IN OTHERS TO SFUND [REDACTED] WE COULD DO THE SAME WITH NICARAUGRA.

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CIN #0251, page 2 of 2

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9 8 AUG 1984

MEMORANDUM FOR: C/NE [REDACTED]
ATTN: [REDACTED]
FROM: Chief, [REDACTED]
SUBJECT: Fabricator Notice on
Maruchehr GORBANIFAR [REDACTED]

1. This notice has been disseminated to the Department of State, the Defense Intelligence Agency, the Federal Bureau of Investigation and the U.S. Secret Service.

2. [REDACTED] will have it classified to File [REDACTED] (Paper Mills and Fabricators) and [REDACTED] coded to the Subject's [REDACTED] file.

Attachment as Stated

Partially Declassified/Released on 4 July 1997
under provisions of E.O. 12356
by B. Reger, National Security Council

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Date 14 JAN 1987

CLIN. 0511

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REVIEWED FOR RELEASE

Date 14 JAN 1987

5122

Meeting with 2 Gorba's

1. One of key issues that came up which Gorba alleges made an understanding difficult was his missing reports to us. He said that he had turned over to adam a two page farsi report which listed all the the Iranian demands and what they were prepared to do. He wrote the Farsi report because he wanted to be sure that he got everything right. He said that he also wrote a five page report in english which was more detailed. These were supposed to have been sent via dhl along with the parts list. Goode told gorba that all he got was the parts list. Gorba said that he wrote the reports on the plane from TCGهران. He gave the reports to adam in london who said that he would send them to us. There seems to be only two conclusions either the reports don't exist, in which case maybe adam and gorba are playing games with us, or the reports exist and after reading them, adam decided that the demands were too great and we would not agree to them; therefore he shortstopped the reports.

2. One of Gorba's most interesting offers was to offer us British passports for the trip. Each one would cost 10,000 pounds. The passports would be genuine and the price includes a genuine drivers license and a bank account.

3. There was the problem of the venue. Gorba said that they can not ~~xxxxxxxx~~ receive us in Kish. The big problem is that the desalinization plant has broken down, the buildings have not been used since the revolution. Also, no planes have landed on the strip in two years. He said that a meeting on Kish would place great logistical problems on them in Tehran.

We agreed to consider possibility of Tehran, but wanted them to re-examine Kish and Bandar - Abbas. We said that plane must be with us for commo. Gorba said that would be no problem. We also said that we would

probably want to arrive in Bandar Abbas. For some reason, Gorba insists that adam told him that we would be using ~~xxxxxx~~ passports. We told him that this gave us some heartburn, but not to worry, we would take care of the documentation if even if it meant being white nigerians. Gorba said that he will need some details on the plane, tail number registration etc. We told him it would be 707 and not traceable to them ~~xxxx~~ to us. We will devise way of getting him the tail number.

4. We discussed the schedule in some detail. We proposed arriving about 7-8 days after the money is deposited. This would give us time to have the planned load of spares positioned in Europe. We then haggled for hours about what was included and what would be negotiated in Tehran. We stuck to our position that once the release takes place we would order plane to launch and it should arrive in Bandar Abbas with 1 hours. It would then turn around and bring in the ~~xxxxxx~~ spares. We are tentatively committed to deliver the 3,000 volts ~~xxxxxx~~ about 10 days later. Gorba pressed for new additions. The new batteries we said were no longer in inventory. The radar ~~xxxxxx~~ we would discuss in Tehran as they would have to be shipped by ship anyway. Gorba kept insisting that we bring some of spares with us and we kept insisting that we wouldn't although a small sample is an option.

5. They agenda for the discussion with the other side in Tehran will include Syria, Afghanistan and the Soviet Union. We will give him ~~xxxxxx~~ on the next on 4 April which he will convey to ~~xxxxxx~~ and company

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CIN 9513

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 under provisions of E.O. 12356
 by K Johnson National Security Council

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in discussing the wheel transaction we insisted that he had to play the key role in making it all work. after long haggling, he agreed to present the schedule to us as outlined by us. we have got take a present, in addition to korans, it might be a good idea to task all the spare parts for one unit with us, and present this as a present. we told gorba to talk with them about the availability of functioning test and communication equipment and the technical skill to use the equipment.

6. possibly the best indication that we might be getting somewhere is that towards the end, gorba began discussing his cut. goode told him that he could add on whatever he thinks right for his cut to the final price. he said that he had spent 300,000 dollars already to grease the skids etc. he also discussed his scheme to use the profits to support afghan rebels, etc. it would appear that he now feels that the deal is entering its final stages.

7. gorba stated that there is considerable pressure on the iranians to do something because the time frame within which they can deliver out friends. they feel that fighting is going to break out between the hizbullah and the syrian army at any time. gorba insists that Iranian syrian relations are very bad at the moment and will definitely get worse. he claims that iran has stopped delivering oil to syria. believe he said that deliveries stopped about 34 days ago.

8. gorba claims that the iranians side is devoting considerable time to this. the whole thing is being masterminded by rafsenjani behind the scenes. if the transaction goes, the plan is to have khomieni issue a fatwa against the taking of hostages. they also have a large number of people they wish us to brief.

he warned us about the primeminister who may be our primary senior contact. he said that he and line w he represents do not like or trust us and we must be aware of this at all times. he thought there was a chance that rafsenjani would at some point put in an appearance, as he will be following everything close he on his own part will want us to meet with reps from the conservative line, particularly farisi.

9. it is still appraent that they have not given much thought to how a continuing relationship will be maintained. gorba tried to answer him but he was not able to cover up the basic truth that they hadn't gone that far yet.

UNCLASSIFIED

UNCLASSIFIED

No Date

O'neil called [redacted] on 13 June at 1630 in the afternoon. O'neil opened the conversation by saying that we had heard from our friend that [redacted] wanted to talk to us. [redacted] said that this was not true, but "our friend" had been pressing him to go through with the deal.

O'neil [redacted] asked what we should do about the situation. [redacted] replied that [redacted] did not know why we didn't complete the deal when in dubai. O'neil [redacted] suggested to state that he had a suggestion. We should first meet in Europe to make sure there were no misunderstandings as happened before. Then our group would go to Dubai at an agreed upon date. Upon arrival in Dubai the four boxes would be turned over, then the rest of the spares would arrive and later depending on timing the two ra Outies would arrive. We would stay until everything was delivered. [redacted] said that the meeting [redacted] in Germany was not necessary and that deal was unacceptable to them. He proposed that we arrive with the remaining 240 spares, then two hostages would be turned over. When the two radars arrive, the two other hostages would be turned over.

We haggled about O'neil insisting on our deal and he insisting on his. O'neil suggested that meeting in Germany was necessary and [redacted] finally agreed that if really necessary he would come. He parried the request that the [redacted] also attend. He added that it would be very difficult to get away at this time.

When discussing the possible trip to Dubai, [redacted] suggested that it was not necessary for the chief to accompany group that comes.

Since discussion was getting [redacted], O'neil suggested that he was in position to decide on [redacted] insistence, and there for it best that O'neil confer with his superiors and [redacted] with his and O'neil will get back to him in one or two days. At the end [redacted] stated that it should not be that we give such importance to who does what first, once this deal is completed there are many important issues that we must discuss. He again insisted on the need of the US to demonstrate good faith.

O'neil asked if the hostages were now under their control because at one point [redacted] said that he did not know if their delegation was still in Lebanon. [redacted] hesitated to answer this one but said that they could get them. O'neil said "then they are in your hands" and [redacted] said they were (note O'neil doubts this is true).

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under provisions of E.O. 12356
by K. Johnson, National Security Council

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5121

A

CIIN 0515

UNCLASSIFIED

Rafsenjani's comments on the Lebanon are pretty straightforward as they pretty much square with the facts. The Iranian relationship with the Amal is probably somewhat worse than he states and the relationship with the Hizbullah not as good as he claims.

Rafsenjani's comments (the initial ones) on relations with the west are most interesting. This is the first time I can recall that a Iranian official as senior as Rafsenjani has commented on U.S. by saying that we seek cordial and friendly relations and are working to establish better relations.

Rafsenjani's rehash of American crimes later in the text is the standard bill of atonement for the United States. In reality this is pretty standard Bazaar bargaining tactics. After rehashing "crimes", Rafsenjani states that Iran remains suspicious of the United States, But if it can be proved that they (US) no longer wanted to cause trouble, we can have relations with them.

It is almost as if he wants the bargaining to begin.

With regard to the two factions, the political balance in Iran is probably more delicate than we had previously thought. Rafsenjani concedes that this is causing trouble, although he does not specify in what areas. The factions that he refers to are the conservatives and the radicals. The conservatives want the continuation of an Islamic republican government, but they want commerce to be by and large free, not government controlled. They also advocate a more balanced foreign policy. The radical faction also propounds an Islamic republican government, but is marxist as regards the economy. They also advocate a foreign policy more closely aligned to the eastern block. There is a third line whose intellectual leader is Mahdavi-Kani and who have less influence in the government than either of the other two factions. They want to see the role of clerics in government diminished. **THEY ALSO ADVOCATE A FREE economy** and want Iran to lean to the west in its foreign policy. Despite their lack of direct influence in the government, they are numerically strong.

UNCLASSIFIED

CIIN 0515 (page 2)

SECRET SENSITIVE **B**PHONE CALL WITH [REDACTED] ON AUGUST 9, 1986 **B**

1. AFTER [REDACTED] WAS, [REDACTED] PROPOSED TO [REDACTED] THAT WE MEET IN EUROPE ON OR ABOUT 21 AUGUST. [REDACTED] ALSO PRESSED [REDACTED] TO PAY THE MERCHANT FOR THE RECENT SHIPMENT AS SOON AS POSSIBLE SO THAT FUNDS WILL BE AVAILABLE FOR THE NEXT STEP. [REDACTED] SAID THAT HE WAS WILLING TO MEET IN EUROPE, BUT DIDN'T CLARKE WANT TO GET ONE OF THE REMAINING ACCOUNTS RELEASED AS SOON AS POSSIBLE? CLARKE SAID YES WE WANTED THIS TO HAPPEN SOONEST. [REDACTED] SAID THAT ONCE THE NEW SHIPMENT ARRIVES, HE WILL TAKE STEPS TO HAVE THE ACCOUNT UNBLOCKED IMMEDIATELY. CLARKE THEN URGED [REDACTED] TO MAKE THE PAYMENT TO THE MERCHANT AS SOON AS POSSIBLE. [REDACTED] SAID THAT THE INVENTORY OF THE LAST SHIPMENT SHOULD BE DONE BY 11 AUGUST. HE WILL SEND A CHECK TO THE MERCHANT IMMEDIATELY AFTER THE COMPLETION OF THE INVENTORY. CLARKE ASKED [REDACTED] IF HE WAS CERTAIN THEY NEEDED THE 39 NUMBER 24'S BECAUSE OUR MILITARY DOESN'T USE THAT MANY IN 10 YEARS. [REDACTED] SAID THAT HE HAD CHECKED WITH THE "EXPERTS" AND THEY SAID THAT THEY MUST HAVE THESE ITEMS. **B**

2. [REDACTED] WAS IN A VERY GOOD MOOD AND SEEMED PLEASED THAT WE HAVE SUCCESSFULLY COMPLETED PART OF THE DEAL. HE INVITED CLARKE TO DINNER SAYING THAT HE HAD GUESTS IN HIS HOUSE FOR DINNER THAT EVENING AND WOULD BE GLAD TO HAVE CLARKE.

Partially Declassified/Released on 7-23-98
under provisions of E.O. 12356
by K. Johnson, National Security Council

5116

RECEIVED FOR RELEASE
Date 14 JAN 1987

CIIN 0519

UNCLASSIFIED

NO DATE

1. O'neil contacted the [redacted] by phone per instructions at approximately 1445 hours on 22 June. The [redacted] said that he had called O'neil but that O'neil had not been at the number given. O'neil said that there was no problem as he had been informed of the call and he called back as soon as possible. It was just a question of O'neil not having been in the office.

2. Although there was a lot of talk one thing emerged and that is that the [redacted]'s people want to somehow go through with the deal. The initial part of the conversation was concerned with the enormous difficulties that dealing with us was causing them. The [redacted] emphasized that there are many people that oppose dealing with us. When O'neil asked if this was causing his group political difficulties, he confirmed that this was the case. His problem is that they must appear to have made a good deal. He pointed out that the previous release of the one person in return for the 1,000 had not left them in good odor as the 1,000 were not that important, and they had to return the other materials.

3. O'neil stated that we were very much interested in the deal and a long term relationship between the two companies, but the chief of our company was insisting on the release of our embargoed 4,000,000 dollars before we delivered the remainder of 240 spares and then the two large boxes. What was interesting at this point is that the [redacted] did not say there could be no deal on this basis. He said that some formula must be worked out whereby we can deliver what we promised at much the same time as they deliver the 4,000,000. For the first time he said that they needed political currency to deliver on their end. He stated that they have a serious problem with the 4 million in explaining why it is that they need it. This has been a serious problem in their negotiations with those that control the 4 million. When O'neil asked the direct question can they gain control of the 4 million, the [redacted] hesitated but said that this was within their capabilities. He said that if we had stayed in Dubai a few days longer they could have delivered 2 million immediately. He emphasized in answer to an O'neil question that they could not specifically say exactly when the 4 million would be transferred, but this was still in their power, despite the fact that the situation where the 4 million are held was continually deteriorating. The [redacted] urged that we try to do this deal as soon as possible, so that our two companies could have a meaningful future relationship. O'neil said that he would call back at approximately the same time on 23 June.

4. The [redacted] continually spoke of the serious problems that trying to consummate this deal was causing him and his colleagues. He urged O'neil to contact the merchant to get all the details. He would try to contact the merchant immediately to provide as much background as possible. The [redacted] on several occasions said that there were considerable forces arrayed against this deal and he considered himself in some danger. Most interesting note is that during this conversation the [redacted] insisted that they want to go through with deal. Although he bordered on the inarticulate at times, long pauses and some relapses into his old song and dance, he did not reject our position outright. O'neil's recommendation is that we sit down and talk it out with him in person, we may get more out of this than the transaction we are interested in.

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under provisions of E.O. 12356
by S. Roger, National Security Council

UNCLASSIFIED

1404
REVIEWED FOR RELEASE
Date 14 JAN 1997

TOP SECRET SENSITIVE

UNCLASSIFIED

NO Date

Call to [redacted] on 30 June.

1. This was a fairly lengthy call during which [redacted] continued to harp on the Price of the 240 items. Sam told him that we had sent a copy of the prices ~~thaxxxhaxMazkaxxxhaxxx~~ to the merchant. These constituted the prices that the middlemen paid for the goods. [redacted] wanted to know if Sam had a copy so he could relate some of them to [redacted]. Sam said that he did not have a copy of the prices. During the course of the conversation, [redacted] would insist on discussing pricing. He refused to be stonewalled and said that he was under enormous pressure to get some adjustment in the pricing. When Sam asked [redacted] about the Micro fiche list. He confessed that he had not sent it but would on the morrow. This is some kind of indicator that such a list might not exist. However, he does have something and suspect it might be an old invoice. He said that his superiors are shocked that the USG would sell them part at black market prices. Sam pointed out that he was buying from the merchant. [redacted] was insistent that some thing must be done on pricing as they were not prepared to pay six times pricing. .

2. Sam told him that something must break soon as the Chief of our co is fed up with the whole deal. He was must disturbed at the way our delegation was handled in Dubai and is on the verge of corking off the while deal. This did not seem to make a great impression on [redacted]. Sam also said that he and Goode are in deep trouble for having recommended the deal in the first place. [redacted] said that we were in no more trouble than he was on his end. Sam said that we were then all in the same trench together.

3. At one point in the pricing argument, Sam pointed out that we do not cheat on prices, were they displeased with the Volkswagens? when [redacted] kept insisting on some kind of break in the price, Sam told him that as far as we were concerned they could buy the parts elsewhere. This deal was set and it would have to go through the merchant.

4. Toward the end of the conversation, [redacted] made a plea to Sam to do something about the price if at all possible. He also extracted a promise from Sam to call him back tomorrow.

Partially Declassified / Released on 40 July 1997
 under provisions of E.O. 12356
 By B. Reger, National Security Council

1405

UNCLASSIFIED

REVIEWED FOR RELEASE

Date 14 JAN 1997

C11N 0517

220352

12 JUL 86

UNCLASSIFIED

CALL TO THE [REDACTED] ON JULY 12, 1986

1. Sam called the [REDACTED] in response to a call from him. Nothing went through, so finally Charlie gave him my home number when he called [REDACTED] in. When the connection was made, there was the usual [REDACTED] started by saying that he had worked [REDACTED] on Sam's previous proposal and they were in agreement basically. According to the [REDACTED] they will release one million dollars, then Goode and Sam will come to Dubai and discuss the remaining arrangements (note: this differs from the original agreement and the last agreement proposed by Sam which called for a meeting in Dubai only after the deal had been completed).

2. After [REDACTED] stated ad nauseum that he had had trouble contacting [REDACTED] because of damage to their commo, The [REDACTED] said that they are [REDACTED] prepared to release one account and they now have this capability. Sam SAID that this was an excellent development and proposed that they release the one account, then Goode and Sam will meet with him in Europe and work out the Scheduling details with him. Sam emphasized that the Chief of Sam's company is fed up and said that nothing will go down until one of our accounts is released. The [REDACTED] emphasized that there is only one [REDACTED] problem remaining and that is the pricing. If this can be resolved, the deal can go through. This is reason why he wants Sam and Goode to come to Tehran to review the micro fiche with him. Sam told him that for this deal the pricing was not in our control. We sold the [REDACTED] to middle men who sold them to the merchant.

3. There was an interesting bit [REDACTED] the merchant. The [REDACTED] asked if Sam had talked to the merchant. Sam asked the [REDACTED] when he had left Dubai as Sam had [REDACTED] yet heard from in. The [REDACTED] was confused at this and said that the merchant wasn't in Dubai. This indicates that the merchant is testing another channel and perhaps we should wait to hear what he has to say.

4. Conversation ended with [REDACTED] saying would pursue Sam's proposal. Sam agreed to call him on 14 July.

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at provisions of E.O. 12356
K. Johnston National Security Council

5120

UNCLASSIFIED**A**

REVIEWED FOR RELEASE

Date 14 JAN 1987

C11N 0518

**TOP SECRET
UNCLASSIFIED**

17 JUN 86

17JUN86. S-SAM [REDACTED]
(AFTER GREETINGS)

S-I TALKED WITH OUR OFFICIALS. THEY SAID THAT OUR DEAL MUST BE IN ACCORDANCE WITH THAT AGREEMENT WHICH WE WROTE IN DUBAI.

[REDACTED] YES.

S- AND THEY ARE NOT WILLING TO CHANGE IT.

[REDACTED] YES.

S- WHAT IS YOUR VIEW?

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under provisions of E.O. 12355
by K. Johnson, National Security Council

5117

[REDACTED] IF THAT AGREEMENT WHICH THEY WROTE UP HAD BEEN ACCEPTABLE, IT WOULD HAVE BEEN CARRIED OUT WHEN THEY WERE HERE. IT WAS NOT AGREED UPON. YOU WERE HERE ((AND KNOW)) THAT IT WAS NOT AGREED UPON.

S-YES. THAT'S THE REASON WE WROTE THAT AGREEMENT. WE ARE WILLING TO DEAL IN ACCORDANCE WITH WHAT WE WROTE. BUT IF WE COME AGAIN TO DUBAI, OUR FOUR MILLION MUST BE TURNED OVER TO OUR BANK THE SAME DAY THAT WE ARRIVE. THEN WE WILL DELIVER THE REST OF THE 240 IMMEDIATELY, AND THE TWO GHUTIS WILL COME A LITTLE LATER. AND WE WILL REMAIN IN DUBAI UNTIL THE TWO GHUTIS COME.

[REDACTED] THIS IS NOTHING NEW. THAT'S WHAT YOU SAID BEFORE.

S-YES. YES. AND WHEN I TALKED WITH OUR OFFICIALS, THEY SAID THAT THIS IS HOW IT HAS TO BE.

[REDACTED] AT ANY RATE, WHAT YOU'RE SAYING IS NOTHING NEW.

S- NO. IT HAS TO BE THE WAY I TOLD YOU BEFORE.

[REDACTED] WELL, IF THAT'S THE CASE, I DON'T THINK WE'LL BE ABLE TO DO ANYTHING.

S-VERY GOOD. THEN IT'S UP TO YOU AND YOUR COMPANY ((COUNTRY)). IF YOU WANT TO CONTACT ME, I'LL GIVE YOU A PHONE NUMBER.

[REDACTED] YES.

S-IN THE CITY WHERE I AM [REDACTED] PLEASE REPEAT.

[REDACTED] ((THE TWO MIDDLE DIGITS AS REPEATED BY [REDACTED] WERE INDISTINCT BUT IT DIDN'T SOUND LIKE HE WAS SAYING [REDACTED]))

S- THAT'S RIGHT. AND MY NAME IS SAM O'NEIL.

[REDACTED] HUH?

S-SAM O'NEIL ((REPEATS SEVERAL TIMES. [REDACTED] HAS A HARD TIME UNDERSTANDING JUST GIVE MY NAME, AND I'LL CONTACT YOU IMMEDIATELY

[REDACTED] I'LL TELL YOU NOW AS MUCH AS I KNOW. YOU WANT US TO DO SOMETHING FOR YOU. YOU DO SOMETHING FOR US. WHEN YOU HAVE DONE THIS THING FOR US, WE'LL DO SOMETHING FOR YOU.

S-FINE. I KNOW. I MEAN. I UNDERSTOOD YOUR POSITION VERY WELL. YOU TOLD ME THAT SEVERAL TIMES BEFORE. BUT THE OFFICIALS WERE SAID THAT IT HAS TO BE THIS WAY, AND THEY ARE NOT WILLING TO CHANGE THEIR MINDS.

[REDACTED] THEY ARE WILLING ((FEW WORDS MSD))?

Classified by 624/1000 (25)

010 6592

TOP SECRET UNCLASSIFIED

UNCLASSIFIED

S-YES, YES. YOU MUST CONFER WITH THE OFFICIALS THERE, AND IF THEY CHANGE THEIR MINDS, CONTACT ME. PLEASE.

■ FINE.

S-GOODBYE.

A

UNCLASSIFIED

C11120592

NO Date (5)

UNCLASSIFIED



Go to 4B

- ~~Case~~ microfiche (P. claims he has)
 Case believes ~~from Tehran~~ ^{from Tehran} records and compared prices
- Attane told records and compared prices
 - Unprepared to pay this much
 - Tehran does not trust the merchant. believes Merchant has grossly inflated prices
 - Price list sent to merchant
 - Deal must go down early
 - -- upset to way delegation treated in Point Temo
 - Call tomorrow
 - Will call merchant tonight
 - Big hangup over prices
 - Said he would send microfiche to A for our review
 - Fixation on price

1076888
 Partially Declassified on 10/6/88
 by 1076888
 National Security Council

5118

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Exhibit I-A
CAVE

UNCLASSIFIED

7/10/86 2396

MEETING WITH [REDACTED] JULY 10, 1976

1. [REDACTED] initially described his sources. He stated that he reads all Iranian newspapers that he can get his hands on and also listens to radio broadcasts. He also talks to exiles, sees a lot of Iranians who travel back and forth to Iran, maintains sporadic contact with former colleagues who remain in Iran, but perhaps His most important source of information are the representatives of important Iranians who travel abroad on business. The most important of these is the man who

[REDACTED] can not return to Iran.

2. Like all Iranians, [REDACTED] groups Iranians into pat divisions. He says that Rafsenjani heads one group, Khameni's another and a third group known as the third line is headed by seyed Mehdi Hashemi. This is the real radical group which supports terrorism, etc. [REDACTED] said that there are two other groups worth mentioning, Bazergan's people and another group (ask about this one). [REDACTED] says that Montazari is dominated by Rafsenjani and once Khomeini dies will be Rafsenjani's point man. [REDACTED] said that Rafsenjani and Khameni's are both brilliant men and will cooperate after Khomeini's death. Rafsenjani now effectively controls the Sepah-e-Pasdar through Mohsen Reza'i. Khameni's has been resisting the move to incorporate the military into the Pasdars.

3. Sam and Abe told [REDACTED] that there was an interest on the part of the USG in trying to use trade to gradually re-establish relations with Iran. Sam and Abe planned to capitalize on the trade part using contacts in the USG with whom they will coordinate their actions. This of course requires a political decision at the highest level of the Iranian government. [REDACTED] said that he is certain that the vast majority of senior Iranians want to re-establish some degree of political relations with USG with the single exception of the third line people. [REDACTED] said that the current problem is that Khomeini would oppose and such action as long as he lives. Groundwork can be done and [REDACTED] proposed that the man to establish contact with Rafsenjani

[REDACTED] said that he can explore establishing contact with [REDACTED]. His contact with [REDACTED] is through [REDACTED]. [REDACTED] suggested that at some time we consider sending in a non-American to do some contacting after ground work has been done.

Partially Declassified / Released on 23 Aug 83
under provisions of E.O. 12356
NSA Regs. National Security Council

1112

Exhibit 2-A

CAVE

UNCLASSIFIED

11 Jul 86

N - 2398

MEETING WITH [REDACTED] ANDS ALBERT HAKIM ON 11 JULY 199-

1. This meeting uncovered some interesting access. The first access

[REDACTED]

[REDACTED] said that he had cleaned up his report a copy of which he passed to Sam. He said that if we had further questions he had the ability to get the answers. Sam said he would take a look at the report and get back to him.

2. [REDACTED] said that there were two channels into Hasemi Rafsenjani. [REDACTED] proposed to discuss with us the best of these two channels.

[REDACTED]

3. Hakim spent a lot of time explaining to [REDACTED] that he wanted to get some legitimate business with Iran for Cover purposes. He was willing to sell Medicinals at cost or on a credit basis with up to a year to pay if he could get some other benefit out of it. [REDACTED] suggested oil sales to the US which he was in a position to arrange for FOB \$8.20 a barrel. Sam suggested rice since the USG was subsidizing the export of rice at prices far below the going world quotes. There was a question as to whether Oil was embargoed. During the course of the meeting, [REDACTED] said quite frankly that he wasn't going to do this for nothing and Hakim told him that if anything goes through he would get a good commission. Hakim told Sam that he planned to pursue these matters with [REDACTED] no matter what we decided. He has also set up a private polygraph for [REDACTED] on Monday.

UNCLASSIFIED

5079

Exhibit 3-A
CAVE

UNCLASSIFIED
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20505

Non-Log

N 3903

August 5, 1986

~~TOP SECRET~~

MEMORANDUM FOR THE RECORD

SUBJECT: Operations Sub-Group (OSG) Terrorist Incident
Working Group (TIWG) Meeting

The OSG met on Tuesday, August 5, from 1:30-2:45 p.m. with LTCOL Ollie North, Ambassador Bob Oakley, Richard Armitage, LTGEN John Moellering, Charlie Allen, Dewey Clarridge, Buck Revell, and Craig Coy attending. The following topics were discussed:

Hostages: There was a lively discussion on the next steps to take on the remaining hostages. The discussion touched on the possibility of Kuwaiti releasing the Da'wa seventeen and the conditions that would lead to that action.

Revell raised the concern that we may be acting inconsistently with the President's policy of no negotiation and that it would not be in our best interest.

Armitage questioned what our policy should be and whether we should bargain for the hostages.

Moellering asked whether the President felt pressure to get the hostages. North responded that he has a personal sense of obligation and that the President had instructed North to get them out.

~~TOP SECRET~~

Declassify: OADR

~~TOP SECRET~~

Excluded from automatic declassification on 8-17-87

under provisions of E.O. 12958

By A. Pagan, National Security Council

3448

FLAFCU-IP
201-1006NICH
11/13/87

Page W3904 denied in its entirety.

UNCLASSIFIED

UNCLASSIFIED

Notes on Dissem concerning Iran's view that it can not win a war with Iraq. Their need for an "honorable Peace," and their fear that the upcoming offensive may not be successful.

N 2866

1. Iran now concludes that it can not win a war with Iraq. The economic infrastructure can no longer support the effective waging of the war against Iraq. In addition Iranian logistics are in a shambles. There are also political reasons which dictate the quick conclusion of a peace with Iraq. About 2 years ago the iranians began looking at the rebuilding of Iran after a peace with Iraq is concluded. In a postwar world, Iran would have to do some re-arming of their military. They would also have to rebuild the industry and economy. 1 Since both the military and the economy are western oriented, it is imperative that they improve relations with the west.

2. The Iranian government wants to conclude peace with Iraq, but has a problem in that it must be able to present the end of the war as a "victory" for Iran. Were this not to be the case, the moderate and conservative factions in the government would be victimized by the radical wing, which would attempt to dominate the government. The fear of the moderates and conservatives is that this would open up Iran to increased Soviet influence. In order to present the Iranian people with a ~~xxxxxxx~~ "victory," the iranians have planned one last offensive. The purpose of this offensive is to gain enough territory to give the iranians a strong bargaining position. In the past two months considerable doubt has arisen within the higher echelons of the Iranian government as to whether Iran can reasonably expect to make any sizeable gains by launching such an attack. They are critically aware of the tremendous price they will have to pay in human lives, because of the well prepared Iraqi defenses and the fire power superiority of the Iraqis.

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Partially Declassified/Released on 29 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Page N 2867
denied in its
entirety

Exhibit 5-A (CAVE)

August 10, 1986

UNCLASSIFIED

Extracts from the Farsi 7 page report of [REDACTED] dated 8-12-86

4

Name: [REDACTED]

Age: [REDACTED]

Place of birth: [REDACTED]

Education: [REDACTED]

Marital Status: [REDACTED]

N 2804

Partially Declassified/Released on 6/11/1987
under provisions of E.O. 12356
by B. Roger, National Security Council

He

claims having good contact with most factions.

B. General picture of the political status (the different groups)

1. Number one man with absolute power continues to be Khomeini. He personally supervises the work of all group leaders.
2. After his death [REDACTED] could reach an agreement with Montazeri's group, they will be successful.

UNCLASSIFIED

(1512)

P11
11

3.

C. Relation (or lack of it) of U.S./Iran.

N 2805

A number of people at different occasions contacted different members of the Iranian government (in foreign countries) trying to create some kind of relation between the two countries (more or less along the line which we are pursuing). No results.

5.

And

The Iranians have reacted to Gen. Brown's letter to the effect of forbidding them from sales of weapons.

D.

recommendations:

1. Do not try to contact [redacted] prematurely this will endanger him for positioning himself in the government.
2. Gain Iranians' trust by supporting them in:
 - a. The Hague
 - b. Military Aid
 - c. Intelligence

UNCLASSIFIED

GEORGE CAVE
Exhibit
6-A

DENIED in Full

(2 pages: N 2799- N 2800)

5826

Exhibit 7-A (CAVE)

UNCLASSIFIED

Chapter 14, Footnote 14

9/8/86

8 Sept 0 2395

1350 - Call from Sam

- Another called dropouts
- Bld for party on date
- Going to see Cary now.

1430 - Call from Zed Smith
Za Adyn & Honey

- Unmanned complaint
- 2 Ranger - Za

1450 - Call from Charlie

- Cary to call JWP
- Gates inspection

Callers to Geo

- 4 times Sat.
- 2 times today

Partially Declassified
 by B. Regan, National Security Council
 Date: 12/25/86
 Under prev. sig. of E.O. 12958

4418

UNCLASSIFIED

1530 - RIG(w)

O her (Hawes) her and her 9 room is to
be 3 part

o Rishon:

- to know we will pay off her debt if
we can

- \$25% claimed

- Cary, Espinoza, de Becker & Rishon could
be a viable collaboration & control.

- Put Rishon on "Pay as you go" basis for
control production

Exhibit 8-A (CAVE)

TOP SECRET [REDACTED] NOFORN/NOCONTRAF [REDACTED] ROOM
 Central Intelligence
 Washington, DC 20505

UNCLASSIFIED

Partially Declassified/Released on 6 July 1987
 under provisions of E.O. 12356
 by B. Reger, National Security Council

National Intelligence Council

10 September 1986

MEMORANDUM FOR: Director of Central Intelligence

FROM: Charles E. Allen
 Director, Hostage Location Task Force

SUBJECT: American Hostages

1. I met with Ollie North last night at his office on American hostages. Ollie had just returned from a meeting with John Poindexter on the same subject.

2. Poindexter has given Ollie new guidance on the American hostages, namely:

- [REDACTED]
- Ollie is to continue to develop links to the Iranian Government through Albert Hakim and Dick Secoord of Stanford Technology Associates. (Hakim, as you are aware, has links to the [REDACTED]. The [REDACTED] apparently is attempting to arrange for Ollie and George Cave to meet with Rafsanjani, presumably with the next shipment of arms to Tehran.)
- Ghobanifar will be cut out as the intermediary in future shipments of cargos to Iran, if at all possible. To cut Ghobanifar out, Ollie will have to raise a minimum of \$4 million.
- If there is no other channel for financing future arms shipments, then Ghobanifar will be used as a last resort.

3. Ollie is greatly relieved by Poindexter's decisions because he feared that John and the President would shut down completely this back channel to Iran because of the kidnapping yesterday of Frank Reed.

- Reed released immediately

UNCLASSIFIED

Charlie
 Charles E. Allen

CL BY [REDACTED]
 DECL OADR

1688

Exhibit 9-A
(CAVE)

~~TOP SECRET~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20505

Non-Log

N 9099

October 2, 1986

~~TOP SECRET~~

SENSITIVE

ACTION

(N 2816)

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTE

SUBJECT: Next Steps with Iran

[redacted] called Dick this morning to advise that he had just returned from Beirut and would very much like to meet with us in Frankfurt, Germany, on Monday, October 6. He indicates that he has "good news" regarding the hostages and that he wishes to get past the "obstacle" as quickly as possible. An appropriate travel approval is attached at Tab I.

George Cave is taking a well-deserved "mini-vacation" in Rome. We are telling all callers that he is in the hospital for tests on his back. In accord with [redacted] request, the U.S. side would be represented by: Sam O'Neil, Copp, and Goode.

This meeting also affords us the opportunity to deal with the issue of Israeli cooperation. Nir has been calling daily (often several times) urging that we get on with the process in our "joint venture." He constantly cites his September 10 meeting with you as the basis for proceeding urgently. Because we have not told him about our intention to pursue the [redacted] first, he continues to encourage Ghorbanifar to raise the requisite funds for another delivery. Ghorbanifar, in turn, has a frequent dialogue with [redacted] in this regard. All of this tends to create confusion among the various participants and an unnecessary OPSEC vulnerability. We need to act now to reduce the number of channels into the Iranians (at least on a temporary basis) and clarify various roles and missions. [redacted]

We (Cave, Clarridge, [redacted], and Copp) believe that we should move promptly on both fronts as follows:

-- [redacted]: O'Neil, Copp, and Goode meet with [redacted] in Frankfurt on Monday, October 6. [redacted] has indicated that he has an internal consensus on how to proceed with regard to the hostages "obstacle." He has said that he will bring with him to this meeting "one of the officials we met with in

~~TOP SECRET~~
Declassify: OADR

~~TOP SECRET~~

SENSITIVE

Norton
12/15

Declassified/Released 12 May 1987
under provisions of
by B. R. [redacted] Court

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UNCLASSIFIED

9100

2817/ste

SENSITIVE

Tehran" and has asked that we bring with us a definitive sample of the intelligence we had discussed when he was here. Based on this, we believe that [redacted] may well accompany [redacted]. You will recall that [redacted] request for intelligence was very specific (the details were forwarded to you via PROPS). While the sensitivity of providing this information is well-recognized, it must also be noted that intelligence was given a higher priority by [redacted] than any other assistance we could provide. In the Casey [redacted] Cave-North meeting we had with you after [redacted] departed, we all agreed that it was unlikely that providing such information would change the course of the war. Further, we all recognized that the information need not be accurate and that it was highly perishable given the dynamic nature of the conflict. In short, we believe that a mix of factual and bogus information can be provided at this meeting which will satisfy their concerns about "good faith" and that we can use the "perishable argument as an incentive for the Iranians to accept a CIA communications team in Tehran. As before, we would not leave any documents with the Iranians, but will provide an exposition during which they could take detailed notes. Director Casey needs to be told to prepare the intelligence for handcarry to the meeting.

[redacted] has said he is bringing a Koran for the President. As a reciprocal gesture, we have purchased a Bible which we would present to [redacted] for him to take back to Tehran with him. Given our earlier discussions (see transcript), it would be very helpful if the President would inscribe a brief note citing a particular biblical passage (Tab III) in the front of the Bible. This particular excerpt is important in that it is a new testament reference to Abraham, who is viewed by Moslems, Jews, and Christians as the progenitor of all the world's nations. It would be most effective if the President hand wrote the inscription and initialed/signed it without addressing the note to any particular person.

-- Nir: When Amiram was here, we made a conscious decision not to apprise him of our near-term efforts with Rafsanjani's [redacted]. We did inform him earlier of the contact and he continues to inquire regarding the status of this initiative. Meanwhile, lacking guidance to the contrary, Nir has sought to stimulate further activity between Ghorbanifar and [redacted]. This has resulted in [redacted] calling directly to George's home and office several times daily and considerable confusion regarding why we have not accepted the [redacted] Ghorbanifar "offer" to purchase the remaining BAWK spare parts and 500 TOWs.

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SENSITIVE

~~UNCLASSIFIED~~

N 9101

~~TOP SECRET~~

3

SENSITIVE

From an operational perspective, the current communications arrangements are a command and control/OPSEC nightmare (Tab II). Nir essentially controls our access to both [redacted] and Ghorbanifar and, thus, we often find ourselves reacting to his well intentioned efforts. We believe that we now have an opportunity to change the relationship in such a way that Nir is placed in a supporting role rather than acting as a primary source of control. We also recognize that Israel's participation in this activity is both politically and operationally important. In altering Nir's status, we need to do so in such a way that he and those officials in his government who are cognizant continue to perceive that this is still a "joint venture."

In order to accomplish the objectives outlined above, we propose that on Saturday, October 4, Copp would fly to Tel Aviv and meet with Nir. At the meeting, Copp would use the talking points at Tab IV. In an effort to ameliorate Nir's angst over his "new status," we urge that the letter at Tab V to Prime Minister Peres be signed by the President. If you agree, we need your approval of the talking points at Tab IV and a Presidential signature (real or autopen) on Tab V by 3:00 p.m. Friday, October 3.

The steps above are designed to give us a chance to make the new relationship through the [redacted] function without destroying the Ghorbanifar [redacted] channel. We would, in effect, put Ghorbanifar [redacted] on "hold" until we see what [redacted] produces. Please note that when Copp briefs Nir in Tel Aviv on Saturday, he will not reveal that he is enroute to Frankfurt to meet [redacted]. Given [redacted] strong antipathy toward the Israelis and our uncertainty as to whether or not he knows that Nir (aka Miller) is Israeli, we would tell Nir on Sunday night that we were going to a hastily arranged meeting with [redacted] which he (Nir) will be unable to make due to lack of connecting flights to Frankfurt.

[redacted] has already told us, that shortly after the October 6 meeting, there will be a follow-on meeting of the "joint committee" in which [redacted] will be a participant. Unless we are convinced that the Iranians would recognize Nir as an Israeli, we would intend to invite Nir to this follow-on meeting.

A memo from you to the President has not been prepared for obvious reasons. It is hoped that between now and 3:00 p.m. Friday you will have an opportunity to privately discuss this with the President and obtain his approvals/signatures on the steps indicated above.

~~TOP SECRET~~~~UNCLASSIFIED~~SENSITIVE

UNCLASSIFIED

N 9102

~~TOP SECRET~~SENSITIVERECOMMENDATIONS

1. That you initial the travel authorization sheet at Tab I.

Approve J

Disapprove _____

2. That you tell Director Casey to prepare an appropriate intelligence package by Saturday, October 4, for the meeting with him on Monday (departure Sunday evening).

Approve _____

Disapprove _____

3. That you have the President inscribe the attached Bible with the passage at Tab III (a card is paperclipped at the appropriate place in the Bible).

Approve J

Disapprove _____

4. That you approve the talking points at Tab IV for use by Copp with Nir on Saturday, October 4.

Approve J see ?

Disapprove _____

5. That you obtain a Presidential signature on the letter to Prime Minister Peres, at Tab V.

Approve J

Disapprove _____

Attachments

- Tab I - Travel Authorization Sheet
- Tab II - Diagram
- Tab III - Bible (for Presidential inscription)
- Tab IV - Copp Talking Points
- Tab V - Presidential ltr to PM Peres

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~~TOP SECRET~~SENSITIVE

UNCLASSIFIED

DATE: October 3, 1986

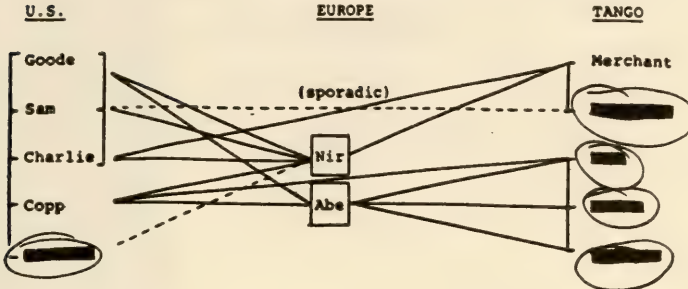
1. TRAVELER'S NAME: Mr. William P. Goode
2. PURPOSE(S), EVENT(S), DATE(S): Official travel to Frankfurt, GE,
on Monday, October 6, to meet with our contacts regarding the
current situation in the Middle East.
3. ITINERARY (Please Attach Copy of Proposed Itinerary):
- | | | | | |
|------|--------|------------|----------------|-----------|
| 10/5 | Depart | 8:00 p.m. | Dulles Airport | PanAm #60 |
| 10/6 | Arrive | 9:20 a.m. | Frankfurt, GE | |
| 10/7 | Depart | 12:45 p.m. | Frankfurt, GE | PanAm #61 |
| 10/7 | Arrive | 4:40 p.m. | Dulles Airport | |
- DEPARTURE DATE Sun, Oct 5 RETURN DATE Tues, Oct 7
- TIME 8:00 p.m. TIME 4:40 p.m.
4. MODE OF TRANSPORTATION:
- GOV AIR ☐ COMMERCIAL AIR ☒ POV ☐ RAIL ☐ OTHER ☐
5. ESTIMATED EXPENSES:
- TRANSPORTATION \$1872.00 PER DIEM ☒ OTHER ☐ TOTAL TRIP COST
6. WHO PAYS EXPENSES: NSC ☒ OTHER ☐
7. IF NOT NSC, DESCRIBE SOURCE AND ARRANGEMENTS: N/A
8. WILL FAMILY MEMBER ACCOMPANY YOU: YES ☐ NO ☒
9. IF SO, WHO PAYS FOR FAMILY MEMBER (If Travel Not Paid by Traveler, Describe Source and Arrangements): N/A
10. TRAVEL ADVANCE REQUESTED: \$ 0.00
11. REMARKS (Use This Space to Indicate Any Additional Items You Would Like to Appear on Your Travel Orders):
12. TRAVELER'S SIGNATURE: W. P. Goode
13. APPROVALS: [Signature]

UNCLASSIFIED

UNCLASSIFIED

September 30, 1986

N 9104

~~TOP SECRET~~COMMUNICATIONS NETS

From an OPSEC perspective, there are too many channels into (and out from) the U.S. We can't hope to have this many players speak with one voice -- no matter how "good" they are individually.

Recommendation: Pare the U.S. communicators down to no more than two individuals (who either compare notes directly each day, or report to a common supervisor); e.g., Sam and Copp, who both report daily to North. Cut Charlie, [redacted], and anybody else out. Have them stop communications cold turkey (to support cover story of A-channel being blown, rolled up, and finished).

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Declassify: OADR

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UNCLASSIFIED

N 9105

INSCRIPTION BY PRESIDENT:

"And the Scripture, foreseeing that
God would justify the Gentiles by
faith, preached the gospel beforehand
to Abraham, saying, 'All the nations
shall be blessed in you'.

Galatians 3:8"

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UNCLASSIFIED

N 9106

"As the Scripture, promising that
God would justify the Gentiles
by faith, preached the gospel
beforehand to Abraham, saying,
'All the nations shall be blessed in
you' Galatians 3:8"

Ronald Reagan
Oct. 3 '1986

UNCLASSIFIED

UNCLASSIFIED~~TOP SECRET~~SENSITIVEINSTRUCTIONS TO COPP FOR MEETING WITH NIR

Saturday, October 4, 1986
Tel Aviv, Israel

N 9107
(N 2927)

You will have with you a letter from President Reagan to Prime Minister Peres thanking Mr. Nir for his courageous assistance to our mutual cause. You should initiate this discussion by presenting him with a copy of the letter and asking for his advice on delivering the original.

The objective of this discussion is to improve our control of events in this joint effort to establish a strategic relationship with Iran. The talking points below are intended to establish the parameters of your discussion and are designed to elicit further cooperation:

- ADM Poindexter has directed that I see you regarding our current Ghorbanifar [redacted] channel and discuss with you ways in which we can move together to accomplish our mutual objective -- a strategic relationship with Iran.
- [redacted]
- We believe that the first new hostage (Reed) was probably taken by elements other than Hizballah -- although they may have him in their hands now.
- We think that [redacted] may have believed that he could bring additional pressure to bear on us to commence further deliveries by seizing another hostage (or hostages).
- Quite the contrary is true. The President is adamant that we will not move forward on this channel until we resolve the new hostage issue.
- We are also concerned that the two new hostages (or at least Cicippio) represents a clear violation of the "understanding" we have had with the Iranians on anti-U.S. terrorism since June of last year.
- We do not want to engage in a process that results in new hostages just to bring "pressure to bear." Nor will we continue this process if, when the current hostages are released, more are taken, simply to elicit further deliveries of arms.

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Declassify: OADR

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(N 2828)

~~TOP SECRET~~

SENSITIVE

N 9108

- Aside from this very strong policy objection to continuing, we have, as you know, had repetitive financial and communications difficulties with Ghorbanifar. While we could debate as to whether or not Ghorbanifar had received all that was due him by the Iranians, the most important factor is potential OPSEC risk.
- In an effort to "keep things moving," Ghorbanifar has made commitments in our name which are patently beyond our ability to meet. This has resulted in increased expectations on the part of the Iranians.
- We know [redacted] that neither [redacted] nor other Iranian officials in Tehran trust Ghorbanifar. [redacted]
- Finally, both of us know that [redacted] himself, is not intellectually astute enough to realize the importance of our contact nor the sincerity of our desire to establish an official government-to-government relationship.
- In short, this channel is not serving our mutual objective: the reopening of a strategic relationship with Iran.
- The President has directed that we will not proceed with any further receipt of funds from Ghorbanifar nor deliveries to [redacted] until we resolve these issues.
- Several months ago, I apprised you of a contact with the [redacted] of Rafsanjani. The USG decided to pursue this contact to determine its validity.
- We are confident that [redacted] the man I met with in Brussels, is indeed Rafsanjani's [redacted] and that he has been franchised to act as a liaison between the U.S. and Iranian governments.
- When Prime Minister Peres was in Washington last month, the President assured him that we are going to continue this effort as a joint project.
- I have been instructed to seek out a second meeting with [redacted] as soon as it can be set up and that I will act as the U.S. intermediary until we establish direct contact with government officials from our side.

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SENSITIVE

~~UNCLASSIFIED~~

N 9109

(N 2829)

~~TOP SECRET~~~~SENSITIVE~~

- Once we have established direct USG contact with the [redacted] we intend to introduce you into this process under the same conditions as obtained when you went to Tehran with us.
- Based on my one initial meeting with [redacted] and the intelligence we have been able to collect, we believe that this contact may well prove to be the one that both your government and mine have been seeking.

(Remember Nir has been told that you "came upon" [redacted] as a consequence of looking into the possible diversion of TOWs through [redacted] during an investigation undertaken in late July/early August.)
- While we explore the sincerity of [redacted] and confirm his ability to speak for the Iranian government, we want to keep the Ghorbanifar/[redacted] channel on "hold."
- To that end, we have told Sam -- who is in the hospital -- he is to contact [redacted] and tell him that:
 - there must be a meeting with [redacted] before we proceed any further;
 - the issue of the two new hostages has become a strong, negative factor in proceeding at all;
 - this matter (the two new hostages) must be resolved before we will take any further steps for any further deliveries;
 - the problem is not the merchant and his financing, but rather the two new hostages;
 - contrary to what he [redacted] may expect, there will be no further deliveries until we have met and resolved this matter;
 - we have asked [redacted] to meet with us in Frankfurt on October 9 -- we do not yet have an answer.
- I intend to meet with [redacted], somewhere in Europe or Turkey, hopefully this week. I will then report back to Washington on my findings and a follow-on meeting will be set-up -- in which we will attempt to have you included.
- I want to caution you, however, that in my meeting in Brussels [redacted] indicated that he and others in Tehran are aware that you are an Israeli -- and knew it when you went to Tehran.

~~TOP SECRET~~~~UNCLASSIFIED~~~~SENSITIVE~~

UNCLASSIFIED~~TOP SECRET~~N 9110
SENSITIVE

(N 2830)

- Neither of us want this contact, if it is indeed what I think it to be, to founder because of this.
- I have been instructed to find a way to have you in the meeting in which Goode and Sam will serve as the USG representatives.
- If my meeting with [REDACTED] this week goes well, I would expect that all of us could meet with him next week.
- In the interim, if [REDACTED] does indeed agree to meet with us under the conditions we have established, we should proceed with that meeting.

Approved _____

UNCLASSIFIED~~TOP SECRET~~SENSITIVE

Document

N 9111 (N 2831)

Deleted in

its Entirety

CS 961

UNCLASSIFIED

UNCLASSIFIED

7916 N11D

CAVE EX. #10A



29 FEB 88

Partially Declassified/Released on 29 Feb 88
 under provisions of E.O. 12356
 by K. Johnson, National Security Council

1. They transfer money to our account.
2. We deliver 500 Tows.
3. Cop and Sam help them prepare a plan with which they can approach the Kuwaitis in which they promise no terrorism and no fomenting fundamentalists against the regime. They will show this to Hizbullah as their own work and tell them will present this to the Kuwaitis in return for release of some of the 17 on an appropriate religious holiday. Hizbullah will have to agree to this.
4. 2 hostages released within 4 days of tow delivery. If only one released, we everything changes and we meet again.
5. We repeat funding and delivery as in one and two above.
6. We send tech support for Hawks and updated intel. Secure comms team and provide for them the location and availability of things on their lists.
7. Iran does utmost to obtain the release of all other hostages.

Note: 6 and 7 will be based on a subsequent meeting [REDACTED]

ABOVE ARE 7 POINTS ARRIVED AT DURING THE 19-20 SEP, 1982
 WASHINGTON



UNCLASSIFIED

Exhibit 11-A

UNCLASSIFIED

THE DIRECTOR OF
CENTRAL INTELLIGENCE

14 October 1986

National Intelligence Council

DCI

Attached is a memorandum on problems that I see with our initiative towards Iran. Also included are a number of recommendations that I believe should be implemented to prevent this initiative from floundering. I have not consulted with other individuals involved on the US side, nor have I discussed it with Ollie. If you require further background, please let me know.

Charles E. Allen
MTO/CT86-1468A
01

1 0187

Partially Declassified Pursuant to E.O. 14176
DATE 08-11-2003 BY SP-6 BJS/STP/STP

THE DIRECTOR OF
CENTRAL INTELLIGENCE

14 October 1986

National Intelligence Council

DCI

Attached is a memorandum on problems that I see with our initiative towards Iran. Also included are a number of recommendations that I believe should be implemented to prevent this initiative from floundering. I have not consulted with other individuals involved on the US side, nor have I discussed it with Ollie. If you require further background, please let me know.

Charles E. Allen
MTO/CT

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1926

~~UNCLASSIFIED~~

I 0168

Objectives of the Program:

- In the short term to resolve the American hostage problem in Lebanon, through the offices of Iran, to include
 - return of all presently held American hostages, and
 - cessation of hostage-taking;
 - and to accomplish this without jeopardizing our public policy of non-negotiation with terrorists and hostage-takers.
- In the longer term to establish contacts within the Iranian Government that might test the possibility of:
 - bringing about a change in the regime in Iran (or its attitudes), thereby
 - establishing gradually a rapprochement between the United States and Iran.
- Ultimate, Strategic Objectives remain an alliance which provides:
 - containment of the Soviet Union on a crucial flank and preventing their move toward the middle east;
 - counterweight to Arab themes in the Middle East;

Problems with the Program:

For over a year the US Government -- using private and Israeli intermediaries -- has tried to resolve the hostage crisis by treating with Iranian officials; the long-term goal of eventually restoring a strategic relationship has remained in the background. The principal intermediary has been Ghorbanifar, and the principal official has been

In return for the shipment of American arms to Iran, the release of two American hostages was achieved.

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I 0189

Because the Ghorbanifar [redacted] channel, was viewed as slow and unreliable, the White House -- encouraged by Secord and Hakim -- has turned to a new channel. The new channel (c) involves an individual purporting [redacted] ^{direct contact} to Rafsanjani, Speaker of the Majlis and second most powerful man in Iran.

- The [redacted] is accepted as genuine -- although his influence with [redacted] and his delegated authority are less clear. (Rafsanjani)

There have been two covert meetings with [redacted] one here and one in Europe. Another meeting is scheduled for the first week in November.

- While the tone of the meetings has been generally positive, the bargaining has been tough and the negotiations difficult; closure remains elusive.

A problem that now confronts us is the disposition of the first channel, from Ghorbanifar to [redacted]. This first channel has never been shut down in a way that would limit the damage to the overall initiative. Specifically, Ghorbanifar claims he was never compensated for some of the arms shipped to Iran, arms for which he arranged the financing.

- Ghorbanifar and his creditors, including Adnan Khashoggi, appear determined to recoup their "losses", even at the risk of exposing US covert arms shipments in exchange for release of our hostages.

We have a festering sore for which no treatment has been prescribed. [redacted] has demanded that the Ghorbanifar-channel be shut down. Indeed, [redacted] claims already to have coopted [redacted]

[redacted] stated that he, and ostensibly Rafsanjani, had approved of the way [redacted] had proceeded heretofore. Notwithstanding, [redacted] has spoken of "eliminating" [redacted] sometime in the future.

Ghorbanifar appears to be harassed by his creditors, some of whom already have brought the problem to the attention of the DCI and Senators Leahy, Cranston, and Moynihan.

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- Ghorbanifar claims to have secreted, for "insurance purposes", documentation of events which have transpired so far. 1 0190

Given this, the major elements of this initiative are likely to be exposed soon unless remedial action is taken. There is no indication that the White House has a plan to prevent the exposure or a plan to deal with the potential exposure.

The Ghorbanifar [REDACTED] channel must be shut down in a way that contains potential damage to the United States.

Background:

When the initiative began, National Security Advisor MacFarlane wanted to establish a channel to factions within the Iranian Government with which the United States might eventually deal, and which might secure incidentally the release of the American hostages in Lebanon.

Israeli officials like David Kimke put the White House in contact with Ghorbanifar. Working with Jacob Nimrodi and other Israeli entrepreneurs, Ghorbanifar introduced US intermediaries like Michael Ledeen to key Iranian officials including [REDACTED]. Ghorbanifar also established a direct link to [REDACTED] Prime Minister's Office. A series of meetings ensued with negotiations sometimes appearing highly positive, sometimes near-disastrous.

- One hostage was released in September, 1985, as a result of this channel.
- A breakdown occurred in Geneva, in late November 1985, when the Iranians accused the other side of knowingly delivering the wrong version of Hawk missiles to Tehran -- an accusation we believe and for which we blame Nimrodi, if not Ghorbanifar.

Progress appeared dramatic in May 1986 when a US delegation led by MacFarlane secretly visited Tehran. The results, however, were disappointing. The Iranians were not prepared to deal directly with so high level a delegation. Still, another hostage was released subsequently, in late July.

Another channel, potentially more promising, was just then opening up through private efforts by Albert Hakim and Dick Secord. Through a London representative of the Iranian Government, [REDACTED] a meeting was held in late August in

UNCLASSIFIED

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Brussels with [REDACTED]

C [REDACTED] this, in turn, led to two meetings between the [REDACTED] and US officials, one meeting in Washington, the other in Frankfurt.

Ghorbanifar's Alleged Financial Straits:

1 0191

The Ghorbanifar-[REDACTED] channel is technically "on hold." Clearly, however, it is being supplanted by the Hakim-[REDACTED] channel -- a fact reportedly known by [REDACTED] and presumably by Ghorbanifar.

The arms transactions in which Ghorbanifar and [REDACTED] figured required that Ghorbanifar provide the financing. The US required money in advance of any arms delivery while Tehran, previously burned by other would-be arms providers, demanded shipment before payment. Thus, it fell to middle-man Ghorbanifar to arrange the financing.

Ghorbanifar, working with Adnan Khashoggi, got some Canadian investors to lend \$15 million to finance the shipment of Hawk spare parts to Iran. Khashoggi put up collateral to cover at least part of this loan. The interest on the \$15M, repayable in 30 days, was 20%. Ghorbanifar, then, would have to pay a minimum of \$16M. These financial arrangements were made at the end of April -- before MacFarlane's visit to Tehran.

Since the loan was agreed to, Ghorbanifar claims to have been paid only \$8M. He agrees that he received \$4M at the end of July following the release of Father Jenco. He claims, without proof, that only \$3M can be applied to repayment of the loan, the other \$1M being related to a separate transaction with [REDACTED]. Ghorbanifar admits to receiving \$5M two or three weeks later, but that no additional funds have been forthcoming.

- He states he has been able to repay about \$8M to his creditors, including \$6M to one financier -- of which \$1M was interest.
- He states, too, that he paid other financiers \$2M for interest charged.

Ghorbanifar asserts that he now has a \$10-\$11 million shortfall that he cannot meet. The creditors are becoming angry and have demanded additional interest because the principal is overdue. Ghorbanifar claims to be under tremendous pressure and feels financially discredited.

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- Ghorbanifar's financial situation is murky, indeed. [REDACTED] has claimed that he paid Ghorbanifar an additional \$8M in cash, an assertion that cannot be validated.

Regardless of who is cheating whom -- and we are not likely to be able to sort out these confused finances -- we face a situation where operational security has been forgotten and no one is prepared to deal with the issue.

1 0192

Rapprochement with Iran:

The broader, strategic objective has become subordinated to the tactical matter of the American hostages in Lebanon. Notwithstanding, we have obtained useful insights into the factious government of Iran.

- [REDACTED] for example, has focussed on long-term US economic investment in Iran, in addition to arms supply.

We have not yet developed a viable plan of action to utilize this information. Talk about geo-strategic relations is cheap; and easy, hard options on how to accomplish this are harder to come by.

The Ghorbanifar- [REDACTED] Channel:

X | Ghorbanifar is depressed and claims his financial situation has been damaged. On several occasions, he has said he would not sit idly by and permit himself to be made the "fall guy" in this matter. He claims to have given written accounts of all that has transpired to several persons in America and Europe. He has directed these individuals to make this material available to the press in the event that "something bad" befalls him. We believe this account would include statements to the effect that:

- the Government of the United States sold military materiel to the Government of Iran in order to gain the release of American hostages in Lebanon;
- a high-ranking US delegation met in Tehran with representatives of the Iranian government in order to discuss the future relations between the two countries, with various cooperative ventures discussed;

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- the US Government made several promises to him (Ghorbanifar) that it failed to keep; and,

ok?

- the Government of the United States, along with the Government of Israel, acquired a substantial profit from these transactions, some of which profit was redistributed to other projects of the US and of Israel.

There is also likely to be material alleging poor judgement and shabby conduct by individuals of the US and Israeli governments.

1 0193

Recommendations:

We face a disaster of major proportions in our efforts with Iran despite the apparent promise of the Makim-channel. Too many know too much, and exposure, at a minimum, would damage the new channel badly, perhaps fatally.

- Rafsanjani cannot permit himself to be seen as dealing directly with the "Great Satan".

It is clear from [redacted] comments that he does not have total control over the Lebanese Shia holding the American hostages.

- It is clear from [redacted] comments that he does not have total control over the Lebanese Shia holding the American hostages.

Because the risk of exposure is growing daily, the following actions are recommended:

(A) Establish a Senior-Level Planning Cell at the White House to focus on the potential for rapprochement with Iran, the appropriate channels to be used, and the separation of the tactical hostage issue from the long-term strategic objective.

This group could consist of two or three experts and should be headed by someone with the stature of a Henry Kissinger, a Hal Saunders, a Don Rumsfeld, or a Dick Helms.

The group should have access to all data concerning the ongoing initiative(s), including White House records [redacted]

UNCLASSIFIED

UNCLASSIFIED**(B) Develop Press Guidance in the Event of an Exposure.**

We have no coordinated press guidance on how to deal with the Iranian initiative should it be exposed publicly. Press guidance must be prepared now. At least one, possibly two major US journalists have bits and pieces of the hostage story and know that Ghorbanifar was involved in it.

- The Israelis have exposed some of this.
- Khashoggi and the Canadian financiers are complaining to influential US individuals.

We could soon have an incredible mess on our hands and damage limitation must be effected now in an orderly, systematic manner.

I 0194

(C) Effect / Orderly, Damage-limiting Shutdown of the Ghorbanifar Channel. It is unlikely we could totally discredit any revelations by Ghorbanifar; he has too much documentary evidence that implicates US officials.

- [redacted] has suggested that [redacted] be found to be a [redacted] operation.
- Perhaps we can engage Ghorbanifar otherwise, in non-hostage-related projects -- say, in the area of Iranian, Libyan, and Syrian sponsored terrorism.

A small working group of those knowledgeable of the Ghorbanifar [redacted] Channel should meet to consider how to cope with this problem. Clearly, there are some personal things that can be done for Ghorbanifar, for example:

- Arrange permanent alien residency for his girl friend in California.
- Arrange for visas for his family so they can visit relations in the United States, and so his mother can obtain medical treatment here.

These steps will not alleviate Ghorbanifar's financial problems -- regardless of their merit -- but may dispose him more kindly to the US Government and lessen his inclination to expose the Iranian initiative.

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Chapter 14, Footnote:

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8 October, 1986
Evening until midnight

Iran would pay to Mr. Hakim the price of 500 TOW missiles],--and if so desired--the Hawk parts that remain from previous agreement.

Nine days later--should Iran agree--five Hawk TOW's as well as Hawks together with donated medicines will be delivered to Iran.

4. Albert will fulfill the provisions of paragraph number 4, Albert will submit the plan for the release of the Kuwaitis [17 persons].

4. One and one-half American hostages in Lebanon (one with certainty and possibly two through persistent effort) [sic] to be released from the Lebanese through Iran's effort, (3-4 days after the delivery of the cargo mentioned in paragraph 2).

5. Through a method for opening of credit to be studied by Albert and [redacted] tomorrow night: Five hundred TOW missiles with a maximum of one hundred launchers to be delivered to Iran within [redacted] days after fulfilling the provisions of paragraph [redacted] Iran will pay for 1500 TOW's (500 received and [redacted] future ones). And the 1,000 TOW's will be delivered to Iran within nine days.

6. The United States shall start and implement the technical support (both in goods and expertise) for Hawks as well as the rejuvenation of military information [intelligence] and maps and special communication. And it [the U.S.] will submit to Iran the price schedule and time table for the delivery of [redacted] items.

7. Prior to return of [redacted] to Tehran, the question of Muslim (Shi'a) prisoners in Lebanon and the process for their release by the parties involved shall be discussed with Secord.

8. Iran shall pursue its efforts for the creation of [proper] background for the release of other hostages.

9. Steps to be taken for the submission of items mentioned in paragraph 6, second sentence.

E N D

S E C R E T

THIS IS FIRST DRAFT OF 9 POINTS. THERE WILL BE SUBSEQUENT REFINEMENTS WHICH ARE ONLY AVAILABLE AT THE NSC.

CIIN 3961

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Exclusion Registry 19653

Particular Declassification Authority: E.O. 12958
By B. Berger, National Security Council

Exhibit 11-B
CAVE

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N 05

Objectives of the Program:

- In the short term to resolve the American hostage problem in Lebanon, through the offices of Iran, to include

return of all presently held American hostages, and

cessation of hostage-taking;

and to accomplish this without jeopardizing our public policy of non-negotiation with terrorists and hostage-takers.

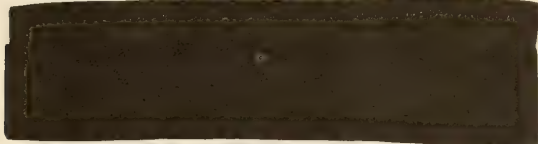
- In the longer term to establish contacts within the Iranian Government that might test the possibility of:

bringing about a change in the regime in Iran (or its attitudes), thereby

establishing gradually a rapprochement between the United States and Iran.

- Ultimate, Strategic Objectives remain an alliance which provides:

containment of the Soviet Union on a crucial flank and preventing their move toward the middle east;



Problems with the Program:

For over a year the US Government -- using private and Israeli intermediaries -- has tried to resolve the hostage crisis by treating with Iranian officials; the long-term goal of eventually restoring a strategic relationship has remained in the background. The principal intermediary has been Ghorbanifar, and the principal official has been

In return for the shipment of American arms to Iran, the release of two American hostages was achieved.

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under provisions of E.O. 12356
By E. Walsh, National Security Council

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Because the Ghorbanifar [redacted] channel, was viewed as slow and unreliable, the White House -- encouraged by Secord and Hakim -- has turned to a new channel. The new channel involves an individual purporting to be [redacted] of Rafsanjani, Speaker of the Majlis and second most powerful man in Iran.

- [redacted] is accepted as genuine -- although his influence with [redacted] and his delegated authority are less clear. [redacted] apparently is well-connected [redacted]

There have been two covert meetings with [redacted] one here and one in Europe. Another meeting is scheduled for the first week in November.

- While the tone of the meetings has been generally positive, the bargaining has been tough and the negotiations difficult; closure remains elusive.

A problem that now confronts us is the disposition of the first channel, from Ghorbanifar to [redacted]. This first channel has never been shut down in a way that would limit the damage to the overall initiative. Specifically, Ghorbanifar claims he was never compensated for some of the arms shipped to Iran, arms for which he arranged the financing.

- Ghorbanifar and his creditors, including Adnan Khashoggi, appear determined to recoup their "losses", even at the risk of exposing US covert arms shipments in exchange for release of our hostages.

We have a festering sore for which no treatment has been prescribed. [redacted] has demanded that the Ghorbanifar-[redacted] channel be shut down. Indeed [redacted] claims already to have coopted [redacted]

- [redacted] claimed the home and office of [redacted] had been "bugged", his communications with Ghorbanifar (and US persons) monitored. [redacted] stated that he, and ostensibly Rafsanjani, had approved of the way [redacted] had proceeded heretofore. Notwithstanding [redacted] has spoken of "eliminating" [redacted] sometime in the future.

Ghorbanifar appears to be harassed by his creditors, some of whom already have brought the problem to the attention of the DCI and Senators Leahy, Cranston, and Moynihan.

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- Ghorbanifar claims to have secreted, for "insurance purposes", documentation of events which have transpired so far.

Given this, the major elements of this initiative are likely to be exposed soon unless remedial action is taken. There is no indication that the White House has a plan to prevent the exposure or a plan to deal with the potential exposure.

The Ghorbanifar [redacted] channel must be shut down in a way that contains potential damage to the United States.

Background:

When the initiative began, National Security Advisor MacFarlane wanted to establish a channel to factions within the Iranian Government with which the United States might eventually deal, and which might secure incidentally the release of the American hostages in Lebanon.

Israeli officials like David Kimke put the White House in contact with Ghorbanifar. Working with Jacob Nimrodi and other Israeli entrepreneurs, Ghorbanifar introduced US intermediaries like Michael Ledeen to key Iranian officials [redacted] Ghorbanifar also established a direct link to [redacted]. A series of meetings ensued with negotiations sometimes appearing highly positive, sometimes near-disastrous.

- One hostage was released in September, 1985, as a result of this channel.
- A breakdown occurred in Geneva, in late November 1985, when the Iranians accused the other side of knowingly delivering the wrong version of Hawk missiles to Tehran -- an accusation we believe and for which we blame Nimrodi, if not Ghorbanifar.

Progress appeared dramatic in May 1986 when a US delegation led by MacFarlane secretly visited Tehran. The results, however, were disappointing. The Iranians were not prepared to deal directly with so high level a delegation. Still, another hostage was released subsequently, in late July.

Another channel, potentially more promising, was just then opening up through private efforts by Albert Hakim and Dick Seccord. Through [redacted] representative of the Iranian Government [redacted] a meeting was held in late August in

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Brussels with [REDACTED] Majlis Speaker Rafsanjani. This, in turn, led to two meetings between [REDACTED] and US officials, one meeting in Washington, the other in Frankfurt.

Ghorbanifar's Alleged Financial Straits:

The Ghorbanifar [REDACTED] channel is technically "on hold." Clearly, however, it is being supplanted by the Hakim [REDACTED] channel -- a fact reportedly known by [REDACTED] and presumably by Ghorbanifar.

The arms transactions in which Ghorbanifar and [REDACTED] figured required that Ghorbanifar provide the financing. The US required money in advance of any arms delivery while Tehran, previously burned by other would-be arms providers, demanded shipment before payment. Thus, it fell to middle-man Ghorbanifar to arrange the financing.

Ghorbanifar, working with Adnan Khashoggi, got some Canadian investors to lend \$15 million to finance the shipment of Hawk spare parts to Iran. Khashoggi put up collateral to cover at least part of this loan. The interest on the \$15M, repayable in 30 days, was 20%. Ghorbanifar, then, would have to pay a minimum of \$18M. These financial arrangements were made at the end of April -- before MacFarlane's visit to Tehran.

Since the loan was agreed to, Ghorbanifar claims to have been paid only \$8M. He agrees that he received \$4M at the end of July following the release of Father Jenco. He claims, without proof, that only \$3M can be applied to repayment of the loan, the other \$1M being related to a separate transaction with [REDACTED]. Ghorbanifar admits to receiving \$5M two or three weeks later, but that no additional funds have been forthcoming.

- He states he has been able to repay about \$8M to his creditors, including \$6M to one financier -- of which \$1M was interest.
- He states, too, that he paid other financiers \$2M for interest charged.

Ghorbanifar asserts that he now has a \$10-\$11 million shortfall that he cannot meet. The creditors are becoming angry and have demanded additional interest because the principal is overdue. Ghorbanifar claims to be under tremendous pressure and feels financially discredited.

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- Ghorbanifar's financial situation is murky, indeed. [REDACTED] has claimed that he paid Ghorbanifar an additional \$8M in cash, an assertion that cannot be validated.

Regardless of who is cheating whom -- and we are not likely to be able to sort out these confused finances -- we face a situation where operational security has been forgotten and no one is prepared to deal with the issue.

Rapprochement with Iran:

The broader, strategic objective has become subordinated to the tactical matter of the American hostages in Lebanon. Notwithstanding, we have obtained useful insights into the factious government of Iran.

- [REDACTED] for example, has focussed on long-term US economic investment in Iran, in addition to arms supply.

We have not yet developed a viable plan of action to utilize this information. Talk about geo-strategic relations is cheap and easy; hard options on how to accomplish this are harder to come by.

The Ghorbanifar [REDACTED] Channel:

Ghorbanifar is depressed and claims his financial situation has been damaged. On several occasions, he has said he would not sit idly by and permit himself to be made the "fall guy" in this matter. He claims to have given written accounts of all that has transpired to several persons in America and Europe. He has directed these individuals to make this material available to the press in the event that "something bad" befalls him. We believe this account would include statements to the effect that:

- the Government of the United States sold military materiel to the Government of Iran in order to gain the release of American hostages in Lebanon;
- a high-ranking US delegation met in Tehran with representatives of the Iranian government in order to discuss the future relations between the two countries, with various cooperative ventures discussed;

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- the US Government made several promises to him (Ghorbanifar) that it failed to keep; and,
- the Government of the United States, along with the Government of Israel, acquired a substantial profit from these transactions, some of which profit was redistributed to other projects of the US and of Israel.

There is also likely to be material alleging poor judgement and shabby conduct by individuals of the US and Israeli governments.

Recommendations:

We face a disaster of major proportions in our efforts with Iran despite the apparent promise of the Hakim channel. Too many know too much, and exposure, at a minimum, would damage the new channel badly, perhaps fatally.

- Rafsanjani cannot permit himself to be seen as dealing directly with the "Great Satan".

Exposure would make any movement on the hostages difficult, if not impossible.

- It is clear from [redacted] comments that he does not have total control over the Lebanese Shia holding the American hostages.

Because the risk of exposure is growing daily, the following actions are recommended:

(A) Establish a Senior-Level Planning Cell at the White House to focus on the potential for rapprochement with Iran, the appropriate channels to be used, and the separation of the tactical hostage issue from the long-term strategic objective.

This group could consist of two or three experts and should be headed by someone with the stature of a Henry Kissinger, a Hal Saunders, a Don Rumsfeld, or a Dick Helms.

The group should have access to all data concerning the ongoing initiative(s), including White House records and the [redacted]

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(B) Develop Press Guidance in the Event of an Exposure.

We have no coordinated press guidance on how to deal with the Iranian initiative should it be exposed publicly. Press guidance must be prepared now. At least one, possibly two major US journalists have bits and pieces of the hostage story and know that Ghorbanifar was involved in it.

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- Khashoggi and the Canadian financiers are complaining to influential US individuals.

We could soon have an incredible mess on our hands and damage limitation must be addressed now in an orderly, systematic manner.

(C) Effect an Orderly, Damage-limiting Shutdown of the Ghorbanifar Channel. It is unlikely we could totally discredit any revelations by Ghorbanifar; he has too much documentary evidence that implicates US officials.

- Hakim has suggested that means be found to "buy off" Ghorbanifar.
- Perhaps we can engage Ghorbanifar otherwise, in non-hostage-related projects -- say, in the area of Iranian, Libyan, and Syrian sponsored terrorism.

A small working group of those knowledgeable of the Ghorbanifar channel should meet to consider how to cope with this problem. Clearly, there are some personal things that can be done for Ghorbanifar, for example:

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- Arrange for visas for his family so they can visit relations in the United States, and so his mother can obtain medical treatment here.

These steps will not alleviate Ghorbanifar's financial problems -- regardless of their merit -- but may dispose him more kindly to the US Government and lessen his inclination to expose the Iranian initiative.

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Allen's testimony dates
this 86-10-24

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86-4068/403

CAVE Exhibit
12-A

Washington, D.C. 20505

NO DATE

MEMORANDUM FOR: Vice Admiral John M. Poindexter, USN
Assistant to the President for
National Security Affairs

SUBJECT: Roy Furmark's Comments² on the Hostage Situation

1 0195

1. Charles Allen and George Cave went to New York on 22 October 1986 to meet with Roy Furmark. This was an extremely interesting meeting in that it revealed that the financial backers of Ghobanifar have been aware of the operation since its inception and may actually have played a key role in getting it moving, possibly for altruistic reasons, but almost certainly for their own profit. Roy himself admitted several times during the evening that profit was certainly a motive but that the group did see their efforts as leading towards stability in the region and the release of the hostages. Roy appeared to be very open during the course of the evening and everything he told us tracked with what we know. The only doubtful answer he gave was in reply to a question as to whether some of the principals were involved in the sting operation. Roy said that none of the principals were involved, however, one of the players, lawyer Samuel Evans, was the major indictee and is free on \$4.5 million bond. Roy claims that Evans owes him \$200,000.

2. Khashoggi has been involved in this from the beginning as Ghobanifar's financier. Everything started in January 1985 with a meeting in Europe, Frankfurt apparently, involving Ghobanifar, Khashoggi, Roy, and others. This was followed up by subsequent meetings in Paris and London. These meetings culminated in a meeting in August 1985 in Tel Aviv. Roy went to Tel Aviv with Ghobanifar and while there they stayed with Nimrodi in his house. During the course of these meetings, Roy met Amiran Nir. At this meeting it was decided that it was necessary to get Washington's approval for the overall plan. There were two basic objectives; one, get release of the hostages, and two open up a dialogue with Iran. Schimmer was sent to Washington to obtain this approval. Roy is uncertain as to whether he discussed this with North or MacFarlane in Washington. Ghobanifar also made a total of four trips to Washington. Ghobanifar represents the line held by the Prime Minister which Roy describes as "Moderate." (We did not tell him that the Prime Minister could not be considered as Moderate.) By way of personal relationships, Roy

Partially Declassified/Released on 29 June 1997
Under provisions of E.O. 12356
by B. Reger, National Security Council

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said that he has known Khashoggi since 1966 and trusted him. Roy added that Schummer and Khashoggi are close. Roy thinks this points up Khashoggi's breadth of vision. Roy pointed out that Schimmer had actually returned from a visit to China to make the August meeting.

3. The first transaction was in September 1985 and was for 500 TOWs. The cost of the TOWs was \$5 million. Khashoggi put up the money because he believes in Ghobanifar. The cost to Iran was \$6 million. This allowed for \$1 million to cover profit and expenses. The first shipment of TOWs was defective, so a second shipment was sent. There was a subsequent \$5 million deal that went off in the November-December timeframe. Khashoggi told Roy that they were not involved, but Roy is certain that this was a Khashoggi/Ghobanifar organized deal. 0196

4. Roy said that prior to the next deal, there was a meeting in the Paris airport hotel; he forgets or never knew exactly who was involved in this meeting. The meeting concerned Hawk spare parts. The deal for the Hawk spare parts began to be put together in April 1986. Khashoggi raised \$15 million to cover the deal \$5 million from an Arab financier, and \$10 million from two Canadians. Khashoggi raised the money on 15 May. A group of Americans went to Tehran and took with them seven percent of the Hawk spare parts which consisted mainly of nuts and bolts. With regard to this deal, the financiers, Ghobanifar, and Nir met and agreed that \$3 million would be added to the price to cover profit and expenses and also another \$2 million would be added to cover monies owed to Nir. The price to the Iranians would then be \$20 million. (Why did Ghobanifar charge \$24.5 million and with Nir's knowledge?) Neither Roy nor the financiers apparently know anything about the raise in the price by Ghobanifar, although they are aware that the Iranians objected strenuously to the price. Ghobanifar told Roy and Khashoggi that he believed the bulk of the original \$15 million price tag was earmarked for Central America. In this regard, Ghobanifar told Roy that he was relieved when the \$100 million aid to the Contras was passed by Congress.

5. The above requires clarification. In Tehran, Ghobanifar took Cave aside and told him that the Iranians would be questioning him about the price of the Hawk spare parts. Ghobanifar told Cave to insist that the price of \$24 million old dollars is correct. When asked about the huge jack up in price, Nir gave a long circumlocution on why the price of over \$24 million was correct. We were so concerned about this that we considered telling Ghobanifar exactly how much he could charge on any subsequent deals. From Roy's comments, it is clear that the 20 percent interest Ghobanifar told us about is in fact the gross profit margin agreed upon.

6. Roy said that Ghobanifar told them that he received two payments, one for \$3 million and the other for \$5 million. As originally agreed upon, the Arab investor was supposed to get back \$6 million for his cut and the Canadians would get back \$11 million. The other \$1 million was to go to Khashoggi. Ghobanifar's cut was to come out of the \$1 million. To the \$8 million that Ghobanifar received, he added \$100,000 of his own funds. The Arab investor was paid off (\$5 million). The two Canadians received \$1.1 million. Roy was not sure but presumably the \$2 million went to Nir.

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Originally, the Canadians were given a check by Khashoggi in the amount of \$11 million to cover the \$10 million they provided Khashoggi. The monies to cover the Hawk shipment were paid into an account of a company called Lakeside which is an off-channel company. The Canadians believe that the money was stolen and this is giving Khashoggi heartburn. (Note: This does not square with what we know. We know that Ghobanifar received \$4 million from the Iranians in July. He also received \$8 million into his Swiss bank account on 21 August. These two payments were cash. He may also have received a check for \$6 million in between these two payments. The Iranians raised a big stink about the price of the Hawk spare parts and Ghobanifar offered them a \$6 million deduction. According to ██████████ the \$8 million payment on 21 August squared their accounts with Ghobanifar by mutual agreement. In fact, according to ██████████ \$7 million covered the remainder of the deal, the other million was to help Ghobanifar finance the next deal.)

7. Roy's suggested solution to the problem is to let Ghobanifar handle the shipment of the remainder of the Hawk spare parts. Proceeds from this deal would allow them to ease the Canadian pressure. Then it would be 500 TOWs for one hostage and another 500 TOWs for a second hostage. ■

Sincerely,

William J. Casey

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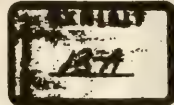
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C 4019

24 February 1987

MEMO TO: The Inspector General
 FROM: George W. Cave
 Near East and South Asia Division
 SUBJECT: Phone Conversation with [REDACTED]

CAVE



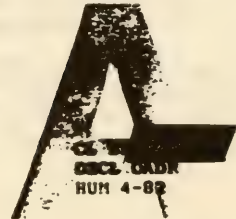
The Farsi conversation on tape eight, side bravo, is a recording of Cave's November 25th call to [REDACTED] in which Cave proposes a meeting in Europe in which a senior State Department officer will also participate. The exact time and place of the meeting to be set in a future phone call. [REDACTED] only comment was that the meeting we give them a briefing on the "atmosphere" in Washington.

George W. Cave
 George W. Cave

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Partially Declassified/Released on 24 FEB 88
 under provisions of E.O. 12356
 by K. Johnson, National Security Council

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Sketch 14-A
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The Director of Central Intelligence

Washington, DC 20505

12/12/86
C 09532

Chapter 14

Footnote 304

National Intelligence Council

NIC 05623-86

12 December 1986

MEMORANDUM FOR: Director of Central Intelligence
Director of Central Intelligence

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Terms of Reference for Cave/Dunbar Discussions

1. The terms of reference (TOR) approved by Armacost for the Cave/Dunbar discussions with the Iranian Revolutionary Guard leader [redacted] in Frankfurt—if implemented—will effectively shut down the Iranian initiative. In the TOR, the Department makes it clear that this channel can only be used for the exchange of intelligence, not for any other substantive exchanges. Since there is little that we can pass to the Iranians—other than intelligence on the Soviet threat—the Iranians are unlikely to find this of much interest, given their almost total absorption with Iraq. From the tone of the TOR, it is clear that the Department is very narrowly defining what constitutes an intelligence exchange.

2. Unless the Department has a well-defined alternate strategy and other viable channels to pursue, closure of this link would be premature and a serious mistake. We have reason to believe that this channel runs directly to Khamenei and that it probably is relatively reliable. It has been instrumental in securing the release of one American hostage and, given the individuals involved, may be key to effecting the release of additional hostages. The individuals with whom we have been dealing, moreover, clearly are in rapport with the United States. They recognize that Iran has been economically devastated by the war and that it will require Western financial support and technology to recover.

3. I believe it is imperative that the TOR be modified to allow for changes on issues broader than intelligence and that a designated State official should participate in these discussions. No one question the State's lead in the Iranian initiative, but acceptance of the TOR, as presently constituted, would essentially end any useful dialogue with Iran for the foreseeable future.

Charles E. Allen

CIIN 4033

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CL BY: [redacted]
DECL OADR

Exemption Registry 18055

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Material Not relevant to time period.

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Partially Declassified/Released on 2/15/2008
under provisions of E.O. 12356
by K. Johnson, National Security Council

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- AS. BY US
- LIST WILL BE SEEN AS DISINGENUOUS, IE, DISHONEST
 - US INTERESTS ARE ONLY STRATEGIC
 - HOSTAGES ARE OF NO VALUE TO IRAN
 - US ALREADY PRESSING KUWAIT, WILL NOT TIE THIS TO US HOSTAGES
 - AS I SAID IN BRUSSELS, US WILL FIGHT RUSSIANS IN IRAN IN CASE OF INVASION WITH OR WITHOUT GOV'T OF IRAN ASSISTANCE.
 - WE WILL COOPERATE TO DEPOSE S. HUSSAIN.



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Translation by Albert Hakim of
the Farse Original of the "9 Points"

Note: The date is the 16th day of the 7th month of the Iranian year which I believe corresponds to 8 October 1986, but needs to be checked. It also indicates the discussions started in the afternoon and lasted until late at night.

Summation of Us and Hakim

1. Iran provides funds to Mr. Hakim for 500 TOWs and, if willing, Iranians will provide for the Hawk spare parts which remain from the previous agreement.
2. Nine working days from now the 500 TOWs and the Hawk spare parts (if accepted by Iran) and the gifted medicines will be delivered to Iran.
3. Before executing Item 4 below, Albert will provide the plan for the release of the Kuwaitis (17 persons).
4. 1 1/2 (1 definitely and the 2nd with all effective possible effort) American hostages in Lebanon, through the effort of Iran, will be released by the Lebanese.
- *5. Using the Letter of Credit method, (three to four days after delivery of shipment stipulated in Item 2) additional 500 TOWs (together with a maximum of 100 launchers), within four days after the execution of Item 4 above, will be delivered to Iran. The method of Letter of Credit will be reviewed between Albert and _____ by tomorrow night. Iran will pay the funds for 1500 TOWs (the 500 TOWs mentioned above plus an additional 1000 TOWs) and the 1000 TOWs will be delivered to Iran within nine days.
6. The United States will start with the technical support of the Hawks (material and know-how), update of the military intelligence and maps, establishment and commissioning of the special communication link,

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under provisions of E.O. 12958
by K. Johnson, National Security Council

5830

Exhibit 17-A
(CAVE)

Chapter 14, Footnote:

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8 October, 1986
Evening until midnight

Iran would pay to Mr. Hakim the price of 500 TOW missiles), --and if so desired--the Hawk parts that remain from previous agreement.

2. Nine days later--should Iran agree--five hundred TOW's as well as Hawks together with donated medicines will be delivered to Iran.

3. In fulfilling the provisions of paragraph number 4, Albert will submit the plan for the release of the Kuwaitis [17 persons].

4. One and one-half American hostages in Lebanon (one with certainty and possibly two through persistent effort) (sic) to be released from the Lebanese through Iran's effort, (3-4 days after the delivery of the cargo mentioned in paragraph 2).

5. Through a method for opening of credit to be studied by Albert and [redacted] tomorrow night: Five hundred TOW missiles with a maximum of one hundred launchers to be delivered to Iran within [redacted] days after fulfilling the provisions of paragraph [redacted]. Iran will pay for 1500 TOW's (500 received and [redacted] future ones). And the 1,000 TOW's will be delivered to Iran within nine days.

6. The United States shall start and implement the technical support (both in goods and expertise) for Hawks as well as the rejuvenation of [redacted] primary information [intelligence] and maps and special communication. And it [the U.S.] will submit to Iran the price schedule and time table for the delivery of [redacted] items.

7. Prior to return of [redacted] to Tehran, the question of Muslim (Shi'a) prisoners in Lebanon and the process for their release by the parties involved shall be discussed with Secord.

8. Iran shall pursue its efforts for the creation of [proper] background for the release of other hostages.

9. Steps to be taken for the submission of items mentioned in paragraph 6, second sentence.

END

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THIS IS FIRST DRAFT OF 9 POINTS. THERE WERE SUBSEQUENT REFINEMENTS WHICH ARE ONLY AVAILABLE AT THE NSC.

CIIN 3961

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Executive Registry 19653

Partially Declassified in Case 422,000
under E.O. 12258
by B. Rogers, National Security Council

Exhibit 18-A

(CAVE)

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NIC 05060-86
3 November 1986

MEMORANDUM FOR: Director of Central Intelligence

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Frankfurt Meetings

1. Bud MacFarlane's trip is becoming known. [redacted] asked him about Bud's visit. The problem stems from the radicals around Montazari taking action. They have convinced him that this was bad for Iran. Interestingly enough, it turns out that Ghobanifar told Montazari about all the transactions and kept him briefed on what is going on. It turns out that Ghobanifar and Montazari have been friends for 15 years. [redacted] said that the reasons for the failure of the Bud trip were several. One was that the trip had not been fully coordinated at the senior level. One of the problems was Ghobanifar's presence in Tehran and the role he played. Most people do not trust him, but he has convinced [redacted] that he has a lot of influence in the United States. [redacted] has a lot of faith in Ghobanifar. The other problem was Amirhan Nir's presence in Tehran. [redacted] told them who he was in order to cover his backside. [redacted] argued that since Ghobanifar [redacted]

[redacted] he was someone that they should use. From [redacted] comments, [redacted] was given to believe that Ghobanifar was quite a powerful man. With further regard to Ghobanifar and his threats, Rafsanjani has proposed inviting him back to Iran and keep him there several months working on things. They can keep him based on the fact that there is an order for his execution. [redacted] said that they do owe Ghobanifar \$10 million, but he also owes them 1,000 TOWs. The problem for us is that he has been involved in many deals and we do not know how to judge this statement.

Partially Declassified/Released on 4 July 1987
Under provisions of E.O. 12958
by B. Rager, National Security Council

CL BY [redacted]
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3. Ollie North said that since the beginning of the talks we have taken certain political actions. We have talked to [redacted] and pressured them into curtailing arms sales to Iraq. We have opened discussions with the [redacted] [redacted] said that there were four issues that he wished to bring up for discussion, but first he wanted to say that Khomeini has issued a decree in which he states his considered opinion that the hostages are prisoners. This has changed the attitude of the Lebanese captors. [redacted] said that they wish to table the following points for discussion:

- A. How to proceed with our relations, and relations with other states in the area.
- B. Want to arrive at a joint understanding as to why things are proceeding so slowly.
- C. He wants to explain and clarify his own role in the operation.
- D. He wants both sides to engage in an analysis of the security of the operation.

[redacted] On our side we explained the US position in seeking better relations with Iran. In this instance we stated that with regard to the 9-point program, we were moving as fast as possible and they must also move fast, too. [redacted] said that he has full trust in the group he is dealing with and wants to explain the problem of coordinating things in the Iranian Government. We must understand that this is a new revolutionary government. After Khomeini, it is like a corporation. There are three wings in the government. One wing is the fanatic wing (Tondro). This wing is actually divided into two groups, one of which is extremely fanatic and the other which is less so. The second group is the Middle Roaders. Rafsanjani is the leader of the Middle Roaders. This group functions as the bridge between the fanatic group and the right wing group. The right wing group leans towards the West in the sense that they want free trade and a democratic government. What must be understood is that all three groups are strongly Islamic and want an Islamic government although all three approach this differently.

5. [redacted] said to understand the government process, we must know that Khomeini has given to Rafsanjani the responsibility for managing the war and foreign affairs. This is why he is usually referred to as the number two man. When [redacted] first brought up the issue of better relations with the US, Rafsanjani agreed, but said that all groups must take part [redacted]

[redacted] Rafsanjani insisted that representatives from all three groups should take part in this program. After considerable debate in the cabinet and also the Majlis, a position was reached and [redacted] took it up with the Imam who gave his approval. Rafsanjani's position is that

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if the policy succeeds, all will share. On the same hand if it fails, all will also share so no one can complain. The problem is one of coordination between these three groups. [redacted] stated that the last shipment of TOWs eliminates the [redacted] channel and establishes his group. [redacted] said that the Iraqi information was very well received in Tehran. This enables them to force the cabinet to focus on the hostage situation. There is, however, some confusion in Tehran.

6. The problem of Montazari. [redacted]

[redacted] they, of course, were unaware that Ghassemlou had been keeping his brothers all along.

7. [redacted]

[redacted] This group is small, very

radical, and united. They published a newspaper in which they revealed that the United States and Iran are cooperating in getting the hostages released. [redacted] said that at the moment they have no hard information on who took the other two hostages, but he suspects that it could be this radical Hizballah group.

8. In one of his many asides to Clarke, [redacted] said that he was concerned about North's demand for release of all the hostages. This could be a problem

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9. [redacted] said that [redacted] would be arriving in Europe on 31 October. [redacted] said that they want to move things along and hope that the release of two more hostages will help. The perception in Tehran is that the American leadership is in fear of moving things along too fast. They interpreted our original seven points as a demonstration of extreme caution. The US side defended this caution by pointing out that the bottom line is that they released two then took two more. [redacted] added several points he wanted to discuss as follows: Kuwaiti prisoners, cameras for RF-4's, and a list of Phoenix spare parts. [redacted] said that the Iranians have 70 Phoenix missiles which are inoperable and in need of spare parts. Rafsanjani himself is personally interested in the Phoenix problem. This is because the Iraqis have enormous respect for the Phoenix. They need help to repair the missiles on hand as they know it is impossible to obtain new ones. Technicians to help on the Phoenix missiles would be seen as a very positive step in Tehran and could well resolve the whole hostage problem. [redacted] also said that they have enough TGHs for current operations. At this point [redacted] emphasized that the sending of things to them have proved the US' good intentions. We told [redacted] that it might be some time before we could organize the technical support they needed, but we thought such support was essential as their orders for spare parts do not make sense. In fact General Secord believes that it someone were to get into their logistics system he could probably locate large numbers of spares that they do not even know they have. [redacted] also asked if we could do anything about the 20 Chinooks that have been embargoed in Italy for three years. The FBI is also holding \$20 million that Iran went to court for and won the case. We asked him for additional information on this case and some documentary support so that we can follow it up.

10. In another aside, [redacted] stated to Clarke that they feel they must have pilotless drones to give them the kind of intelligence coverage they need. He wondered if they could buy some from the Israelis. This may be an opening for Mr. [redacted] also told us about [redacted] radars they are buying from [redacted] Although they are supposed to be deployed to cover the Soviet Union, in fact the technicians are installing them along the Iraqi border.

11. [redacted] said that a four-man committee has been formed in Tehran to oversee their relations with the United States. They are as follows:

A. [redacted]

B. [redacted] He is from Tehran. [redacted]

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[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] said that the man they ultimately want to meet with senior US officials is [REDACTED] who is a [REDACTED] and a moderate. He is [REDACTED] role in this is somewhat foggy. [REDACTED] is the only one of the four that knows of his role. The best way to describe him is that he is Rafsanjani's window on the operation.

Charles E. Allen

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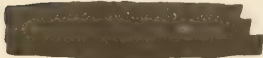
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ORIGINAL

Deposition of



9/21/87
C/CAT F *Christine Kalbauer*

Select Committee to Investigate
Covert Arms Transactions with
Iran,
U.S. House of Representatives
Washington, D.C.

Friday, May 1, 1987

Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

(2057)



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Deposition of

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Select Committee to Investigate
Covert Arms Transactions with
Iran,
U.S. House of Representatives
Washington, D.C.

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Friday, May 1, 1987

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The Committee met at 10:00 a.m. in Room B-352 Rayburn

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House Office Building.

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Present: David Pearline; Tom Polgar; Kathleen McGinn;

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Paul Barbadoro; Neil Eggleston; and Richard Giza.

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1 Whereupon,

2 [REDACTED]
3 having been first duly sworn, was called as a witness herein,
4 and was examined and testified as follows:

5 EXAMINATION

6 BY MR. BARBADORO:

7 Q Could you state your full name for the record,
8 please?

9 A [REDACTED]

10 Q Have you used code names in your capacity as
11 Chief of the Central American Task Force?

12 A Operationally aliases, yes.

13 Q Could you tell me what those names were?

14 A [REDACTED] used almost exclusively
15 with the Nicaraguans and for travel outside of Nicaragua
16 to Central America to include [REDACTED]

17 [REDACTED]
18 used only to travel [REDACTED] not
19 exposed outside that.

20 Q Did people here in the United States know your
21 [REDACTED] alias?

22 A It is pretty widely known, yes.

23 Q Did Oliver North know your [REDACTED] alias?

24 A Yes.

25 Q Did he ever refer to you as [REDACTED] or

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1 [REDACTED]

2 A To me or to other people?

3 Q In your presence.

4 A Yes, I think as best I can recall.

5 Q When did you become head of the Central American
6 Task Force?

7 A 9 October, or thereabouts, 1984.

8 Q What did you do immediately prior to that?

9 A I was on a brief stint with the IG staff doing a
10 routine inspection of [REDACTED]

11 Q And prior to that?

12 A [REDACTED]

13 Q How long were you [REDACTED]

14 A Three years, 1981, roughly June to June, 1984.

15 Q During the time that you were [REDACTED]

16 [REDACTED] were you involved in any solicitations of

17 anyone in [REDACTED] to provide money or
18 assistance to the contras?

19 A No.

20 Q During that time were you aware of any solicitations
21 by any U.S. Government official to [REDACTED] to provide
22 money or assistance of any kind to the contras?

23 A No.

24 Q During that period of time were you aware of any
25 offers that were made by anyone in [REDACTED] to anyone**UNCLASSIFIED**

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1 in the United States Government to provide money for
2 assistance to the contras?

3 A No.

4 Q Have you since learned that people in the
5 United States Government ^{approached} ~~approach~~ [REDACTED]

6 [REDACTED] to request aid for the contras?

7 A [REDACTED] former

8 National Security Advisor McFarlane says that he approached

9 [REDACTED] or discussed ^{with} [REDACTED]

10 [REDACTED] I have
11 heard speculation at various times -- I heard speculation at
12 various times that [REDACTED] money may be going to the contras,
13 but the first time I really knew something that would be
14 official or definitive was the announcement by McFarlane.
15 Prior to that time I just heard rumors that were floating
16 around town.

17 Q Can you recall from whom you heard these rumors?

18 A I can't. Rumors occasionally came up in the
19 newspapers and were speculated on, but no one was whispering
20 saying so and so was getting something from the contras.
21 As you speculated as to where funding for the contras might
22 be coming on that focused on [REDACTED] as a country with
23 big bucks.

24 Q Did you see cable traffic or CIA intelligence
25 reporting suggesting that the contras were receiving support

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1 in [REDACTED]

2 A Not that I recall.

3 Q Did you discuss with Director Casey about [REDACTED]

4 [REDACTED] providing assistance to the contras?

5 A I think that as we looked at or discussed the issue

6 of where private funding could come from if we got

7 approvals to solicit funds from third countries, and at some

8 future date -- I said I ^{thought} ~~thought~~ [REDACTED] would be

9 willing to participate based on my knowledge of them and

10 where they were coming from but that was always in a

11 future context of if the law changed and we could solicit.

12 In discussions at the RIG meetings that took place,

13 particularly after State Department was authorized to get

✓ 14 into the game of solicitation in the 1986 time frame, I, a

✓ 15 couple of times, ^{mentioned} ~~mentioned~~ [REDACTED] and other [REDACTED]

16 [REDACTED] as a potential donor and said if CIA made

17 the approach I was pretty sure they would provide such

18 funding.

✓ 19 I mentioned ^{using} ~~using~~ [REDACTED] as an intermediary

20 with [REDACTED] which has a lot of money, but you can only do that

21 through [REDACTED] They generally follow [REDACTED] lead.

22 But never in terms of money is going to the contras from [REDACTED]

23 [REDACTED] or ongoing solicitation.

24 Q You have described discussions with Director Casey

25 in which you mentioned the possibility that [REDACTED]

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1 might be a government to approach for aid to the contras.

2 When did those discussions take place?

3 A They would have taken place in the spring of 1986
4 or thereabouts when we were contemplating what would happen
5 in legislative changes looking at future planning. I don't
6 remember the specific discussions, but I am sure I
7 mentioned that.

8 Q Do you recall any discussions of that sort in
9 1984 or 1985?

10 A No. None that I can recall.

11 Q And your discussions at the RIG meeting about
12 ~~the~~ ^{were} ~~discussions~~ discussions that would have occurred some
13 time in the Spring of 1986?

14 A Or in the late fall of 1985 and they were
15 informal musings, not serious planning.

16 Q In 1984 and 1985, what did you understand was the
17 situation regarding the legality of CIA officials being
18 involved in soliciting aid for the contras from third
19 countries?

20 A That it was illegal until October 1986.

21 Q What is the basis of that understanding?

22 A That is statutory language in the Boland Amendment
23 and its subsequent successors governing aid to the contras.

24 Q Do you recall reading any memoranda prepared by
25 OGC attorneys discussing whether soliciting aid from

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1 third countries would be legal?

2 A I don't specifically recall reading one. Vaguely
3 in the back of my recollection I think -- and I emphasize
4 think -- that this was a discussion when we were first
5 looking at the Boland Amendment in the fall of 1984 and
6 figuring out what was legal or not, what we could or couldn't
7 do.

8 I think that was one of the topics that was
9 discussed at that time, but it was clear from the statute
10 and from consultations that it was not legal from 11
11 October 1984, the implementation date of 9 October 1984,
12 until the current legislation was enacted in October of 1986.
✓ 13 I think it may have been discussed, ~~to~~ to answer your question.

14 Q Okay. Are you aware of any overtures that were made
15 to third countries for aid to the contras by anyone at CIA
16 between January 1, 1984 and the period in time you just
17 specified in 1986 when it became legal to solicit aid,
18 are you aware of any overtures by any CIA official to
19 solicit aid to the contras from third countries during the
20 period of time when it was not legal?

21 A I am not aware of any such direct or indirect
22 sort of solicitation by CIA officials.

23 Q Let me --

24 A No one has told me and I don't have any reason to
25 believe that anybody went to anyone and said will you do

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1 this or that or can you do the other thing.

2 Q Let me ask you about specific countries. Do you
3 know whether anyone from CIA approached [REDACTED]

✓ 4 [REDACTED] to request assistance for the contras from
5 January 1, 1984 to December 30, 1985?

6 A If you were to ask me that question two days ago,
7 I would have said no, but I have subsequently learned that
✓ 8 some time [REDACTED] and this is hard core hearsay, some time in the
9 spring of 1984 one CIA officer did go to [REDACTED] and
10 perhaps discussed the issue.

11 Q Is the basis of your knowledge a memo from the
12 Director to Robert McFarlane that discussed that?

13 A The basis is a discussion that came from having
14 seen that memorandum and a discussion of testimony that
15 may have taken place.

16 Q Do you know who that officer was?

17 A I know who he is alleged to be and I want to
18 emphasize this is hard core hearsay. I didn't know this
19 until a few days ago and have never heard it from the
20 officer himself.

21 Q Who have you heard it from?

✓ 22 A From my compliance officer and my staff that
23 processed the papers and he said did you know that. And I
24 said, no, I didn't, and I -- that is sort of the way I heard
25 it.

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1 Q Okay. That is [REDACTED]

2 A Yes.

3 Q Do you know of any approaches that were made to [REDACTED]
4 [REDACTED] to obtain aid for the contras during
5 the same time period by any CIA official?

6 A Not during the time period in question, no.

7 Q That would lead logically to the question of what
8 period of time are you aware of such overtures?

9 A The Director had discussions with interlocutors
10 who were not from [REDACTED] but who were
11 connected with [REDACTED] after the enabling
12 legislation of October to review whether or not they would
13 be willing to provide assistance and one of my officers
14 went to New York to meet with the individual in question,
15 and then when the Director took sick and the investigations
✓ 16 began, we didn't pursue it any further.

17 Q Give me your best estimate of the time when these
18 overtures were made.

19 A Late October, early November 1986. It would be a
20 matter of record in the agency. I don't remember specifically.

21 Q Who initiated this overture to these interlocutories?

22 A Director Casey, and then [REDACTED] from my
23 staff made the trip to New York for the meeting.

24 Q Was this after the time that the Congress had
25 voted \$100 million in lethal assistance?

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1 A Yes, and to the best of my recollection, after
2 the legislation had been signed into law because there was
3 a good deal of discussion by the Director of the propriety
4 and legality of the move at the time. We discussed can we
5 do this thing now, that kind of thing.

6 Q At that time were there any discussions with the
7 Director about earlier approaches to [REDACTED] that had been
8 made by anybody to solicit aid for the contras?

9 A Not in my presence.

10 Q Are you aware that General Singlaub approached
11 officials of [REDACTED] to solicit aid for
12 the contras?

13 A I have heard that.

14 Q How about [REDACTED] are you
15 aware of any overtures by any CIA officials to obtain
16 from [REDACTED] from January 1, 1986 until
17 October of 1985?

18 A No. I am not aware of any such overtures.

19 Q Do you know whether [REDACTED]
20 was provided money or support to the contras?

21 A I don't think they have. I don't know that they
22 have and it is my recollection of the intelligence over the
23 past couple of years that they haven't. But I am not
24 certain about that. I would have to go back and research
25 that.

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20 Q During the time you were [REDACTED]
21 [REDACTED] you never learned that [REDACTED] were providing
22 assistance to the contras?

23 A It was never mentioned, only discussed one time.

24 In 1983, I asked after a meeting [REDACTED]
25 [REDACTED] I asked the Director to

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Q Now a few words about General. What was [REDACTED]
A With [REDACTED] and that was the [REDACTED] time in the presence
Q That the [REDACTED] was about [REDACTED] [REDACTED] [REDACTED] [REDACTED]

A What was that?

Q Well, when the Director [REDACTED] [REDACTED] [REDACTED]

Q And the Director did not include the [REDACTED] [REDACTED]
Q About the Director to get a [REDACTED] [REDACTED] [REDACTED]

A Now did you [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Q Then would you be about it, because it was a
Q Subject in the [REDACTED] and also because as [REDACTED] [REDACTED]

Q Considering the [REDACTED] [REDACTED] [REDACTED] [REDACTED] and that [REDACTED]
Q About there was a [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
Q It [REDACTED] -- I would say I [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
Q And [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Q That was [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
Q [REDACTED] and [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
Q [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Q [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
Q [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
Q [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Q [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
Q [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Q [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
Q [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
Q [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

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1 I never joined and didn't decide not and I have
2 any indication how any [redacted] the officer at any [redacted]
3 and going to the [redacted] until I read that article.

4 Q Were you present when the Director met with
5 [redacted] [redacted] Central America?

6 A He just met with them at [redacted] Central
7 America. He met with them at [redacted] a [redacted] of
8 [redacted]. I asked him to say a few words about Central
9 America. He did not bring the subject up.

10 Q When he mentioned the [redacted], were you present?

11 A I was there, yes. I was sitting right there and
12 I asked him to mention it. I asked would you please say a
13 few words about Central America because I know that [redacted]

14 [redacted] are concerned and interested in it. He gave a [redacted] the
15 future presentation about [redacted]. [redacted] and what our
16 concerns were and that it was in an operational mode, but in
17 a [redacted] mode.

18 Q Was the Director not not [redacted] [redacted] [redacted]
19 not asked to provide assistance to the [redacted]?

20 A Not in the [redacted] and not that I am aware of.

21 Q Prior to accepting the [redacted] as head of the
22 Central American Task Force, did you meet with Director
23 [redacted] about [redacted] that [redacted]?

24 A No. He told me that he was thinking about [redacted] of
25 about [redacted] he did not [redacted] [redacted] and [redacted] [redacted]

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1 another assignment; and I said can you tell me what it is; and
2 he said no, not yet. I said, well, if you think it is
3 important, whatever it is, I will do it, but you know I
4 want to be [REDACTED] and two or
5 three days later I was called by Clair George and told I was
6 going to take this assignment. I was not given a choice.

7 Q Did either Clair or Director Casey explain to you
8 why you were chosen for this assignment?

9 A Not in specific terms, no. I mean, subsequently
10 it was sort of said that I was a person that had the
11 operational mix of experiences they were looking for, and
12 was a person that the Director had confidence in and they
13 thought could do the job.

14 I think it was important -- the operational mix
15 is important because there aren't a lot of officers who have
16 both agency, FI experience, military experience at sort of
17 the right grade levels. There are only [REDACTED] of us.

18 Q But it is also true that you had no prior
19 experience in Central America?

20 A No. That is not quite true. [REDACTED]
21 [REDACTED]

22 Q Did you get instructions from Clair George or the
23 Director as to what they wanted done with regard to the contras
24 once Boland came into effect?

25 A I have got to think very hard on that. The --

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1 That is an interesting question. The day Boland was passed
2 my first action without referring to anybody was to write a
3 cable, which you probably have which says from this point
4 forward you have to cease and desist, et cetera. I was
5 called to task by OGC for not coordinating that cable with
6 them.

7 So the answer to your question in a specific
8 term is no; but then over time we had a series of
9 meetings, I would say, through the fall of 1984, where I
10 began to develop a picture of what I was going to do. The
11 first meetings focused on a definition of what we could or
12 could not do in terms of things in the pipelines -- that is
13 where I think we discussed solicitation, but I am not entirely
14 clear.

15 I know we discussed defensive intelligence,
16 whether or not that constituted indirect support. We discussed
17 what things in the pipeline could go forward or not go forward
18 to include the DC-3 we had bought, things in [REDACTED]
19 or things at the forward end. There is a third issue we
20 discussed, a specific issue. Intelligence, the DC-3 --
21 I can't remember what it was.

22 In each case, the fundamental decision was no, no,
23 no; and the reason was that while each one could be
24 argued legally they were politically sensitive, politically
25 controversial. So we won't do it, we will back away.

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1 And there we developed our operational philosophy
 2 that governs us for the next year-and-a-half and that was
 3 to take a conservative approach to all questions calculating
 4 not only the legality but also the political sensitivities;
 5 and if it was politically sensitive and arguable on the legal
 6 side, we opted not to do things. And we developed a very
 7 strict hands-off policy with regard to almost everything
 8 on the resistance.

9 Q Was your concern with political sensitivities
 10 concern that if the agency went too far politically it might
 11 endanger your ability to get the Congress to provide
 12 lethal assistance for the contras?

13 A Absolutely. We didn't want to prejudice -- from the
 14 very beginning it was known and understood by all of us
 15 that the Administration was going to try to reverse the
 16 decision about the contras and every decision taken from that
 17 point forward was aimed at two things, not prejudicing
 18 that decision, and preserving as much as possible within the
 19 framework of the law something to work with in Nicaragua.

20 Q Once Boland was passed, did you pull CIA personnel
 21 out [REDACTED]

22 A We pulled them out [REDACTED], in many
 23 instances pulled them out [REDACTED] and in other
 24 instances [REDACTED]

25 Q Did you cease paying money to [REDACTED]

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2 A We ceased paying money to anybody with any
3 director or indirect connection with the armed resistance,
4 including people who had only minimal -- that was the
5 other issue. We discussed whether we could pay [REDACTED]

6 [REDACTED] who had terminated ^{his} [REDACTED] and was
7 always [REDACTED] with [REDACTED]

8 and we decided that was controversial and didn't pay him.

9 Q Had you previously been ^{paying} [REDACTED]

10 A We would have been paying him through the
11 whole relationship with [REDACTED] He was getting
12 appropriated money.

13 Q And payments stopped?

14 A Payment stopped there, too.

15 Q Did you also stop paying [REDACTED]

16 A All the people in the FDN [REDACTED] we
17 continued to pay until later in the year. We stopped paying
18 him for different reasons.

19 Q Did you subsequently learn that Oliver North had
20 started seeing that these people got paid?

21 A I have subsequently learned that, yes.

22 Q When did you learn that?

23 A Let's take them one at a time, starting with

24 [REDACTED] I learned ^{that} [REDACTED] the private
25 funding was arranged to pick up his salary in 1985 because

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1 it was discussed and we discussed it when Congress cut it
2 off in the context of the RIG. And Ollie said I will see if
3 I can arrange private funding.

4 Q This was at what date?

5 A I can't remember the exact date -- January or
6 February of 1985.

7 Subsequently, as I recall, and I can't give you
8 an exact date or pin down the conversation when and where it
9 took place, Ollie said he had done it and subsequently
10 [REDACTED] confirmed it [REDACTED]

11 Q Did you have an idea where the money was coming
12 from?

13 A No, I suspected, as I did with most of the funding
14 that I knew Ollie was arranging for, coming from private
15 donors in the U.S. That was as much as Ollie ever said.

16 Q Did you know how much he was paying [REDACTED]

17 A We probably did. I don't know but probably we
18 knew what the general figure was.

19 Q Continue with the others.

20 A Adolfo Calero, I think it became obvious that the
21 FDN had access to money and fairly large money as 1984
22 turned into 1985. At no point in time can you say, aha,
23 look at that, they have got money. The way it came around
24 was, oh, my, look at that, they are not starving to death and
25 they are operating. That means they have got money. And

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1 then how much money. Look at the arms purchases coming in,
2 it was kind of a cumulative thing. We began to understand
✓ 3 they had ~~sizeable~~ ^{sizable} money and were able to calculate at that
✓ 4 point in time. We knew Calero had money. Simultaneous
5 with that, I began to develop a very clear understanding
6 that Ollie North was in the link somehow.

7 I thought it was analogous to the quarterback on the
8 sideline of a football game, flashing signals and getting
9 things and acting as an interested but not directly involved
10 intermediary.

11 Q Did North ever let you know that he had played a
12 role in obtaining funding for Calero?

13 A He let everybody know. As time went by, it
14 became less and less of a secret. By spring of 1985,
15 there was almost no one in Washington that cared to know
16 that didn't know that Ollie had some role or responsibility
17 for that.

18 Q Did he tell you whether the money was coming from
19 private U.S. donors or from overseas donors?

20 A He always implied that it was coming from U.S.
21 donors. He never talked about it and I never really
22 pushed him nor asked him about it.

23 Q About where the money was coming from?

24 A No. And he never volunteered that and I never
25 asked him. That was up until some time in 1986. Some time

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1 in 1986 Ollie mentioned a couple of times, once again, you
2 put me on the rack and I couldn't tell you exactly when or
3 where, meetings with David Kimche, in the context of his
4 terrorist role. And the possibility of a French banker,
5 not further described, providing money for the resistance
6 forces.

7 Q Did he mention it in connection with his
8 terrorist role, he said something about his role in --

9 A Kimche's anti-terrorist role. I remember him
10 saying when the contras were starving to death in the
11 summer of 1986 he said, gee, maybe there are people in
12 France who want to give some money to the resistance forces.

13 Q How did Kimche's name come up?

14 A He said a couple of times I am meeting with David
15 Kimche on terrorist things.

16 Q How does that relate to the French banker --

17 A I am an intelligence officer, in the back of my
18 mind was -- Kimche, I wonder if he is hitting the Israelis
19 up. I began to develop a question in my own mind, which
20 I never asked. He mentioned a French banker and I never
21 followed up. I always wondered about that. Why does
22 Kimche stand out in my mind? He is a heavy hitter in the
23 Israeli equation. I thought it strange that Ollie was
24 dealing with David Kimche. That is something that as an
25 intelligence officer would catch your attention, and caught

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1 mine. I know David from my experience [REDACTED]
2 who and what David is, and I know that is significant.

3 Q Did Ollie mention Kimche's name in connection
4 with the Iranian arms deal?

5 A No.

6 Q [REDACTED] you recall two RIG meetings where paying
7 [REDACTED] was discussed?

8 A Not two. I recall it being discussed.

9 Q There was a meeting where it was discussed where
10 Ollie said I think I can get funding from private sources
11 and then --

12 A Where he said I will take care of it, yes.

13 Q The time of those meetings was --

14 A The first quarter of 1985.

15 Q Do you recall whether Elliott Abrams was present
16 at the meeting?

17 A Elliott was not in the position then.

18 Q Who was head of the RIG at that point?

19 A It would have been chaired by Tony Motley, but
20 Tony didn't play a heavy game in it. It would have had
21 Art Morrow, me, Nester Sanchez and/or -- well, Nester
22 Sanchez -- Jim Michel played a more significant role in
23 the equation, and Ollie with NSC. And it met more in those
24 days, the RIG did, in terms of the legislation than it did
25 in terms of the RIG. We talked about that before. And it

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✓ was -- the RIG really was ^{reborn} ~~reborn~~, reactivated in January of 1985 as we went into the end of the six month period and the Boland Amendment and the up or down vote of the unfencing of \$14 million and it grew out of a legislative group at that time. But it was in that context that there was discussion.

Q Did you ever become aware that Ollie North was getting funds for [REDACTED]

A The answer to the question is yes.

Q When?

A That is what I am going to tell you. I recall Ollie mentioning it once or twice. I never believed it. I never believed him because, A, [REDACTED] always seemed to have no money; B, he poor-mouthed himself; and C, after the change in legislation in 1986, this was the change of the Intel Authorization Act of 1986, in which the direct, indirect language went away, we resumed funding [REDACTED]

Mr. GIZA. Don't you mean 1985?

THE WITNESS: 1985, yes, December of 1985. When the Intel Authorization Act changed. We resumed funding [REDACTED] I didn't believe it. I said that doesn't make sense. Then [REDACTED] confirmed it in public statements two or three months ago. Subsequently, in meetings [REDACTED] has showed me invoices, so I knew about it, and I held the invoices and looked at them.

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1 BY MR. BARBADORO:

2 Q When did Ollie mention that he was funding
3 [REDACTED]4 A In 1986 sometime. Sometime in the first half of
5 1986, something like that. I didn't pay a lot of attention
6 to it. It was not as significant in my mind as was [REDACTED]
7 and I just brushed it off.8 Q But it surprised you because at the same time the
9 CIA was providing funding?✓10 A Yes. A, I didn't believe it; and B, I didn't
✓11 think he needed it; and C, I don't know what the hell he
12 did with it, frankly.13 Q You weren't providing money [REDACTED] to be used
14 for military purposes?15 A No. And to the best of my knowledge, based on our
16 understanding of the [REDACTED] military equation,
17 I don't think he was using it for that purpose. [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]21 Q I want to go back to the period in 1984 when
22 Boland first became effective. Did the Central American
23 Task Force attempt to do any estimates as to what the
24 contras would need during the period of Boland to survive
25 and how they were going to get what they needed to survive?**UNCLASSIFIED**

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1 A The Central American Task Force didn't do them,
2 the DI did them. And it was a projection of what they
3 would need, how long they would persevere in the field,
4 what the Central American Task Force did was track their
5 activity and what was happening on the ground.

6 I remember we had a graphic map where we changed
7 colors either for the nightly or monthly and showed their
8 withdrawal from Nicaragua. In October they were here and
9 in December here, so they were almost all back -- we were
10 plotting that and mapping their activities and tracking
11 their supply.

12 I remember specifically when we were surprised
13 in December/January when things began to stabilize and the
14 trend didn't get worse, because we were projected really
15 bad things in sort of the second quarter of the fiscal
✓16 year -- I was -- and it didn't begin to happen, and that is
17 when we began to realize other things were happening.

18 Q Calero began receiving a million dollars a month
19 in July of 1984. When did you learn that he was receiving
20 substantial amounts of money?

21 A As I said, that was a sliding process...

22 Q It became apparent not because you saw
23 deposits, but because you saw activity that reflected money?

24 A Yes.

25 Q When did you first meet Oliver North?

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- 1 A Either late September or October of 1984.
- 2 Q Did you meet him in your capacity as the Chief of
- 3 the Central American Task Force?
- 4 A Either as Chief or -- it was as incoming chief.
- 5 Q What did you understand his role to be on the
- 6 NSC staff vis-a-vis the contras?
- 7 A I understood him to be the focal point on the staff
- 8 for Central America.
- 9 Q In 1984 how frequently would you meet with North?
- 10 A Not terribly -- once every two weeks maybe,
- 11 something like that, and during the 1984 time frame.
- 12 Q Would these be at RIG meetings or at other meetings
- 13 as well?
- 14 A RIG meetings by and large. There were one or
- 15 two of those. Largely RIG or legislative meetings. Maybe
- 16 I didn't even meet with him that often. It was not often
- 17 in 1984. That is when we were, as far as I was concerned,
- ✓ 18 in the policy wilderness on Central America, and the RIG
- 19 was hung up, as we discussed, I think because of personality
- 20 conflicts between Constantine Menges, and Tony Motley and
- 21 so on.
- 22 I don't recall a lot of meetings with Oliver in
- 23 the last quarter of calendar year 1984.
- 24 Q In 1984, you were trying to acquire information
- 25 about the status of the contras; is that right?

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1 A Yes.

2 Q Did you ever receive any information from North
3 about the status of the contras?

4 A I don't recall receiving any significant information
5 in that time frame from North.

6 Q When did you learn that the contras were purchasing
7 weapons from Richard Secord?

8 A You have got the exact date in a cable.

9 Q Let me show it to you. I would like to have
10 marked as [REDACTED] 1 a cable dated March 5, 1985 and as
11 [REDACTED] 2 an intelligence report signed by Clair George concerning
12 alleged purchase of arms in [REDACTED] for shipment to [REDACTED]
13 on behalf of the CIA.

14 (The documents referred to were
15 marked for identification as
16 [REDACTED] Exhibits 1 and 2.)

17 BY MR. BARBADORO:

18 Q For the record, [REDACTED] 1 is CIIN number 1280, as
19 is [REDACTED] 2.

20 Please take a look at both of them, [REDACTED]

21 (Documents proffered to witness.)

22 BY MR. BARBADORO:

23 Q [REDACTED] do you recall reading [REDACTED] 1 at or
24 around the time it was produced?

25 A I recall reading it, yes.

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1 Q Was that your first knowledge that Secord was
2 involved in purchasing arms for the contras?

3 A Yes.

4 Q When you read this, did you do anything to determine
5 whether Secord was acting on behalf of the CIA? There was
6 a suggestion in here that he was.

7 A We knew that he wasn't and I don't specifically
8 recall, but I am sure I brought it to the attention of other
9 people, and said, look at this. I assumed it was also
10 Richard Secord. And we -- I faintly recall sending out a
11 cable saying that he wasn't operating on behalf of the CIA
12 and I think you should have something like that.

13 Q I represent to you that I believe I have seen
14 that. I don't have it with me today.

15 A I recall having said something like that knowing
16 that he was not operating on behalf of the CIA.

17 Q Did you do anything to try to determine on whose
18 behalf he was operating?

19 A Not that I recall, no.

20 Q Did you discuss with [REDACTED] whether Secord was
21 selling him arms?

22 A I didn't discuss with [REDACTED] where he was getting
23 his arms from during that time frame.

24 Q Did you discuss with North whether Secord was
25 working with him in getting arms for the contras?

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1 A No. Not to my recollection. I stayed away from
2 it. I didn't want to get involved and I must tell you that
3 I knew that Ollie North would see that intelligence report,
4 but I wouldn't jump up and down and say look at this.

5 Q Speaking of Exhibit 2, which you characterize
6 as the intelligence report, do you recall reading this
7 at or around the time it was prepared?

8 A Yes. I remember directing that it be done.

9 Q This was produced at your direction?

10 A Yes.

11 Q In March of 1985, did you have any idea that
12 Ollie North was playing a role in locating arms for the
13 contras?

14 A Playing a direct role?

15 Q -- Any kind of a role in locating arms for the
16 contras.

17 A I assumed that he was playing an indirect role in
18 facilitating support for the contras but I didn't know
19 that he was playing a direct role or even if he was playing
20 a direct role in arranging those sales or such. What I
21 assumed he was doing, I emphasize assumed, was he'd go to
22 arrange for funding, he'd go to arrange sort of, say, you talk
23 to that person and he can do X and Y, as a facilitator.

24 Q What is the basis for that assumption?

25 A It would have been observations and comments made --

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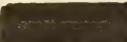
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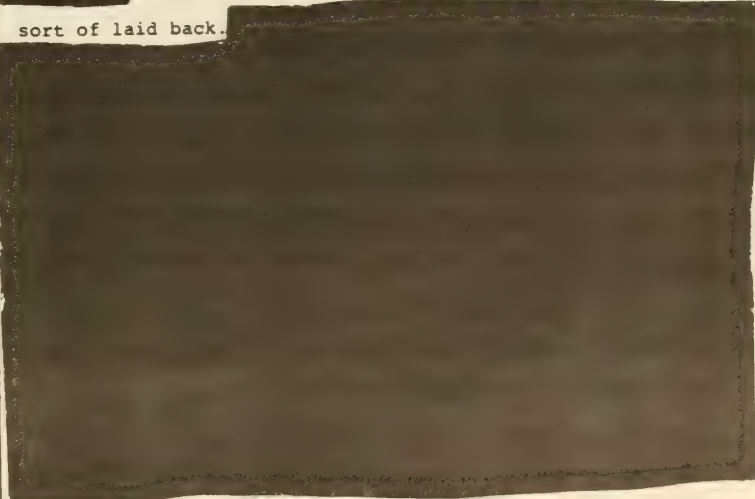
1 observations of things, comments made by Ollie.

2 Q Did you know that North was meeting frequently
3 with Calero during this time period?

4 A Yes. He was the major admin contact for the FDN,
5 and had a major role to play during that time frame with
6 all of the resistance leadership. Certainly with other
7 than the FDN, co-equal to and perhaps even greater than any
8 contact CIA had at that time.

9 Q Was that a conscious decision on your part to
10 allow North to become a primary contact with the FDN?

11 A Yes. There was nothing I could do about it.
12 There was nothing I could do to or for the FDN. All I could
13 do was gather intelligence from them. Meeting with
14  any of the FDN was awkward and so I just
15 sort of laid back.

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1 Q Did you know where they were getting the arms
2 from?

3 A When it would be delivered, in what ports and
4 so on.

5 Q [REDACTED] did you
6 obtain more concrete information about what North's role
7 was in supporting the FDN?

8 A No. The reporting was largely [REDACTED]
9 almost ^{exclusively} ~~exclusively~~ [REDACTED] and it would amount to,
10 as I recall, and you have in your records a ship or a boat
11 is coming in at this point in time with this on it and we
12 are going to do this with it, status of their forces, in
13 fighting, bickering and that sort of thing and not on where
14 the funding came from. I assumed and I think that our
15 reporting indicated that there were one or two people,
16 probably only one who knew where the funding was coming
17 from, Calero.

18 Possibly one of the accountants knew, but it did
19 not go down into the rank and file. He kept it compartmented.

20 Q And that was the source of his power?

21 A Yes, and that makes him a unique Nicaraguan.

22 Q Prior to receiving [REDACTED] Exhibit 1, what knowledge
23 did you have of Secord?

24 A When he called me, I was aware of him as an
25 individual in 1979, maybe, or early 1980, when he was the

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1 Arabian Peninsula Branch Chief and he tried to convince me
2 that [REDACTED]

3 [REDACTED]
4 [REDACTED] He was in the military,
5 Deputy Assistant Secretary for International Security
6 Affairs.

7 I think he was a brigadier or maybe a major general.
8 We had some fairly sharp words at that point in time.
9 It was a stupid idea and I told him so. And from that
10 point forward, General Secord never liked me very much,
11 as I recall.

12 Then I didn't have very much to do with him until
13 I was [REDACTED]

14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED] I met
22 General Secord was at one of those meetings.

23 As I recall, it was a fairly frosty situation.
24 We didn't exchange many words. He went back to the Council
25 for Political International Security Affairs and that was

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1 that. The next time I saw General Secord was in
2 December 1986 when we were both scheduled to testify before
3 the Senate Intelligence Committee at the same time and he
4 walked up the elevator with me. I shook his hand and said
5 I am [REDACTED], and he said I know who you are. I would
6 say he didn't like me, and saw me as a bureaucrat.

7 I didn't know him well and it was not a cordial
8 relationship.

9 Q Did you ever become aware of complaints that
10 General Secord made about you to Director Casey?

11 A No. I have subsequently -- as a matter of fact,
12 I am surprised Casey never told me that. I just found out
13 that he complained about me to Casey. I know from being told
14 about and seeing some of the infamous notes that he
15 complained about me there as well.

16 Q Casey never told you that Secord had complained
17 about you?

18 A No. Did he?

19 Q It is my understanding that he did.

20 A Just out of curiosity, can I ask you the nature of
21 those complaints?

22 MR. BARBADORO: Off the record.

23 (Discussion off the record.)

24 BY MR. BARBADORO:

25 Q Did you know in 1985 when you read this cable,

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1 [REDACTED] Exhibit 1, that General Secord was somehow tied in or
2 connected with the Clines-Wilson Group?

3 A No.

4 Q You were not aware that it was rumored that he had
5 been associated with Clines and Wilson in connection with the
6 Eatsco matter?

7 A I knew when I was [REDACTED] that he was
8 involved in the litigation and the allegation of the misuse
9 of map funds for shipping things to Egypt, and that
10 he subsequently resigned from the military, even though
11 he was sort of exonerated from those allegations.

12 I can't recall specifically that I would have known
13 that Tom Clines and Edwin Wilson were involved in that. I
14 may in the recess of my mind have known that Tom Clines was
15 involved, but not Wilson. It was not something that was
16 sort of working everyday knowledge in my mind.

17 But I know Tom Clines and Wilson worked together.

18 And I know they are bad news and that they also were
19 involved in a lot of other things, because we worried about
20 that [REDACTED] they were alleged to be exporting
21 bad things to Libya and had targeted [REDACTED]
22 [REDACTED] as an assassination target.

23 Q When did you become aware, if you did, that Tom
24 Clines was involved in purchasing weapons that were intended
25 to go to the contras?

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1 A I don't know that I ever developed as clear an
2 understanding as that would have led me to believe about
3 Second, but it would have been later and based on snatches
4 of cables out of maybe [REDACTED] You probably
5 have seen those, where Tom Clines' name comes up occasionally.
6 I remember seeing those and wondering whether Tom Clines was
7 involved in this whole process.

8 So I would answer your question, I never developed
9 the same specificity or the same firm kind of understanding
10 as I would have based on Exhibit A or 1 and 2. It would
11 have been more circumstantial and it would have been in
12 probably the April/May time frame of 1986, as I recall.

13 Q Did you come into contact with Oliver North during
14 the AWACS sale?

15 A No.

16 Q Was he involved in that in any way?

17 A I don't know. I met Oliver North for the first time
18 in late September of 1984.

19 Q What was the status of the Southern Front Military
20 effort when you became head of the Central American Task
21 Force?

22 A A mess.

23 Q How many troops were out on the field fighting?

24 A We never knew for sure because Eden Pastora [REDACTED]
25 [REDACTED] no

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✓ 1 one believed his ^{reporting} ~~reporting~~ or what he was telling us. My
2 guess is, and I think the estimate that we used, was about

3

4 Q Was Pastora the principal military commander
✓ for the Southern Front?

6 A Yes, up to that time.

7 Q Was Negro Chamorro associated with him?

8 A Yes, until May of 1984, when ARDE split and
9 Pastora went his way and Chamorro stayed with Rubello.
10 Negro Chamorro was a small part of ARDE. During a
11 major part of the ^{Southern} ~~Southern~~ Front when it was a viable
12 military force, they were working together.

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Pages 37-38
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1 The Witness. What I am telling you is as we began
2 in the spring of 1985 to understand that there was going
3 to be some legislation somehow for some kind of a program,
4 this would have been in April-March. We had to discuss
5 what to do with Eden Pastora.

6 He was very popular, had a lot of following on the
7 Hill. We knew he was a mess. [REDACTED]

8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 Moreover, because of his ~~mercurial~~ personality
12 and lack of managerial ability that we were faced with
13 a hopeless situation there.

14 So I took the decision that we would do the most,
15 take one of the -- what is the word I want -- one of the
16 most frustrating approaches for Eden Pastora. It is kind
17 of the one that was calculated to manipulate him in a
18 particular way; namely, ignore him, totally ignore him.
19 We would have nothing to ~~do~~ with him. We would refuse
20 to talk to him. We would refuse to be associated with
21 him in any way, and we would just move him to the side,
22 treatment as a non-entity, that he did not exist.

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It started out as a process of ignoring him and marginalizing him and it came back around to marginalizing him, which was my policy from A to Z. Because I knew that we could never deal with him.

BY MR. BARBADORO:



Q To render him ineffective and



A The goal was to ultimately be in a position to do that if and when we had the authorities to get back involved with him. Remember in 1985 we didn't have any authority to do anything that supported directly or indirectly para-military operations in Nicaragua. So that was another reason for my ignoring and marginalizing


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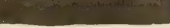
1 him. I was manipulating and dealing with the situation
2 actively in a way that was totally in compliance with the
3 law by passively doing nothing.

4 Q At the same time, however, weren't their
5 

6 A No.

7 Q By CIA officials.

8 A 

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22 Q And that  would take place after
23 the CIA could get back into the business and fund these
24 people; is that right?

25 A Yes, that is right.

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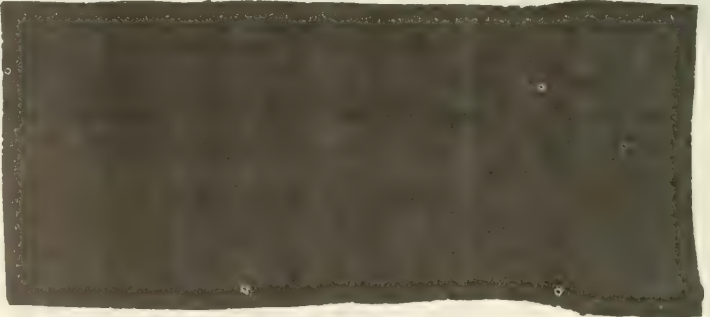
bp-6

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it would have

been before January of 1985. It would have been in
December -- saying that there is a good liklihood there
is going to be yet another relaxation of the law.
This was at the time when we were, at the same time
the Intel 85 Intel authorization Conference was going
on and I was actively involved in that whole process;
and it sort of declared there would be some change in
the law.

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bp-7

1 [REDACTED]
 2 Q Did you authorize your [REDACTED] to
 3 make any representations to [REDACTED] about supplying
 4 them?

5 A I just said that we said within the confines
 6 of the law we would provide to you whatever we can.

7 Now at some point in time I told the [REDACTED]
 8 [REDACTED]

9 [REDACTED] twice once in [REDACTED] and once here.

10 They asked here is what we need. They asked for weapons.

11 I said, "I can't give you weapons. That is not legal,

12 but I can tell you that I will do whatever I can to help

✓ 13 you and I will get you weapons as soon as it is legal. But

14 I will give you communications and I will tell the FDN you
 15 need weapons, but that is the best I can do.

16 "They have weapons, but I can't give them to you,
 17 and don't press me on it."

18 Q You knew historically the FDN had not been
 ✓ 19 very good about sharing their material with the Southern
 20 Front?

21 A I knew that, but I also knew in my own mind
 22 that a point in time that if we had the remaining
 23 restrictions taken away from us where I wanted to go--
 ✓ 24 ~~where~~ I had to go. Now you have to remember that by March
 25 of 1986 we are going into the final legislative battle

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1 and in our own minds -- I am sitting in the legislative
 2 strategy group meeting -- in our own mind it was almost
 3 certain in spite of the fact it had not passed that we
 4 were going to win the vote.

5 We knew that if we got the set up right that we
 6 could pass the vote, at least, that is what the White
 7 House legislative people were telling us; and I was being
 8 asked in that legislative context to begin planning as
 9 to how \$100 million would be spent, what would it be
 10 used for, what is going to happen.

11 So in my own mind and to a degree on paper, by
 12 March of 1986 and before, I had bits and pieces of this
 13 operation laid out based on everything I had done two
 14 years ago. Back what I told you when I came to the task
 15 force. The reason I was there was to do everything
 16 possible with intelligence collection, management of the
 17 project, to help the administration reverse existing
 18 legislation, and to get back and [REDACTED]

19 [REDACTED]
 20 So I developed a whole scheme of maneuvers and part
 21 of my scheme of maneuver was the Southern Front. I
 22 might tell you parenthetically [REDACTED]

23 [REDACTED]
 24 Q Is it fair to say that [REDACTED] were
 25 led to believe by your [REDACTED]

1. to some extent **UNCLASSIFIED** that to the extent

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45

1 that you could legally support them, you would
2 and as a result of [REDACTED] they went into
3 the field and separated with Pastora?

4 A Yes. It is also, I should add, that it was not
5 only because of that. All except for one were fed up
6 with Pastora. They realized he was a ~~charlatan~~ ^{charlatan} by this
7 time. Operation axiom that you can never ~~forget~~ ^{forget} is
8 you can never make somebody do something he doesn't want
9 to do, and you have to wait until the time is right.

10 I also want to say there is another reason
11 that we were hard over against Pastora, and I should have
12 put it on the record earlier. We knew that everybody
13 around Pastora was involved in cocaine. We knew it from
14 November of 1984 forward. We reported it and by this
15 point in time or slightly thereafter, ~~Two~~ ^{Two} of his major
16 associates, David Mayorga and Robert Odurran, were arrested
17 in large cocaine deals.

18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 That was kind of the final spike in the vampire's

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bp-10

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1 heart -- a wooden one..

2 Q I believe last week I took the deposition of
3 your former [REDACTED] and during that
4 deposition he broke down and cried when he discussed his
✓ 5 feelings of responsibility for the Southern Front forces
6 who were sent into the field in early 1986, and were
7 not adequately supplied.

8 Do you feel a sense of responsibility for them
9 being out in the field and not being adequately supplied in
10 1986?

11 A I feel a sense of responsibility, but I don't
12 allow myself to become emotionally involved. I look
13 at something when I know particularly what he is
14 talking about. He is talking about when [REDACTED]
15 [REDACTED] went in and got torn to pieces. I felt bad
16 about that, but you can't let those things cloud your
17 judgment.

18 Q How did you expect that they were going to be
✓ 19 supplied until the CIA got back in the game? because even
20 if you had won the legislation, it wouldn't be until
21 October of 1986. How did you expect they were going to be
22 supplied?

23 A I thought that if they were going to be supplied
24 they would have to be supplied by the FDN from the private
25 resources the FDN had.

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bp-11

1 Q And if you --

2 A And I sort of didn't -- I would not -- didn't
3 think we should force them back in the field until they
4 were ready. I thought we had to play a waiting game. It
5 was the Southern Front that wanted to be pro-active and
6 get going and get back inside and was chafing at the bit.
7 But I knew that they were going to go back inside the
8 only place they would be able to get supplies was from
9 the FDN -- that is what I thought, from the FDN's
10 sources.

11 Q Did you discuss with Ollie North in January
12 or February of 1986 whether he could obtain support for the
13 Southern Front forces that were fighting in southern
14 Nicaragua?

15 A No, not in specific terms. I discussed with
16 Ollie North the Southern Front. I discussed with him
17 the problems. I discussed with him what we were doing.
18 We discussed it widely within the context of legislation,
19 the RIG, there was heated debate on whether or not
20 we would be dealing -- we should be dealing with Pastora.

21 I discussed it with both oversight committees.
22 I had to discuss it once with Senator Helms, anyone that
23 was interested in it, I think. I had to discuss it with
24 Senator Kassebaum, because it was controversial and the
25 whole issue was discussed in depth. I even discussed it

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1 with [REDACTED]

2 Q But you knew Ollie North had contacts that
3 were raising money for the contras, correct?

4 A Yes.

5 Q Did you discuss the possibility with Ollie
6 North at any point of using these contacts to help supply
✓ the Southern Front forces?

8 A I don't recall discussing them in specific
9 terms with Ollie North. I talked about -- if they are
10 going to go back inside, they have to have arms. They
✓ have to be able to access the FDN arms. Adolpho Calero
11 have to be able to access the FDN arms. Adolpho Calero
12 has to be willing to cooperate with him.

✓ I told [REDACTED] if the Southern Front is ever
14 going to come back into line you have to be able to
15 help them. You have to share what you have with them.
16 By this time I was dealing -- I was dealing with [REDACTED]
17 more and had a better relationship with him and talked
18 to him about that several times.

✓ I probably twisted his arm, particularly after
✓ the direct-indirect sort of language went away. And I
20 felt a little bit more free to make those kinds of
21 discussions. We made specific -- we made a specific
22 decision, and I think it is reflected in traffic to train
✓ the Southern Front in communications, and to set up a
✓ communications link between the Southern Front and the FDN.
✓ 25

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✓ 1 And the express purpose of that was to try to link them
 ✓ 2 together so they could have a way to access FDN supplies.

✓ 3 And did I know that this FDN supply was; that Ollie
 4 had a hand in that?

5 I have already testified to the fact that I
 6 knew that Ollie had a hand in that.


7 Q But you don't recall making a specific one
 ✓ 8 to Ollie to try to find a way to supply the Southern Front?



9 A Yes.

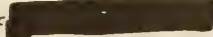
10 Q You don't recall any specific request to North
 ✓ 11 about support ^[? to go to] you go ^[the] Southern Front.

12 A I wouldn't have made that kind of a request
 13 because it would have put me into a situation that was
 ✓ 14 some place I didn't want to be. Because I knew what the
 15 law said.

16 Q Okay.

17 Is it fair to say that you also knew that if
 ✓ 18 the Southern Front forces were going to be effectively
 19 supplied you would need some kind of air field 

20 
 21 A The answer to your question is, no, because I
 22 never believed we needed an air field  to
 23 operate out of.

24 Q Your  has told me that he assumed
 25 it would be necessary if the CIA were to get back into

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1 it to have an air field [REDACTED]

2 A Yes, I know what he thought. I know what
3 others thought. Let's come right to the issue. For a
4 series of reasons I thought that [REDACTED] otherwise
5 known as [REDACTED] was a dumb idea. Its geography
6 exposes it to Sandinistas attack. It sits less than 20
7 miles from [REDACTED] where they have [REDACTED]
8 [REDACTED] the best in the country.

9 It is within [REDACTED] and
10 it is difficult to -- it is a difficult place to deal out
11 of and in my mind I told you I was gaining -- developing
12 a game plan and the use of that field [REDACTED]

13 It is why when we initially-- when these visions ini-
14 tially began, I really didn't even have that in my mind,
15 because I didn't think a lot about it. I had written
16 something that was not important. It only became
17 important because it became a political issue between
18 [REDACTED] and the U.S. Government,
19 and became the focal point of this investigation.

20 Q How in your game plan would you have re-
21 supplied the Southern Front forces?

22 A [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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Q Did you meet with Admiral Tambs before he
went down to become ^{Ambassador} ~~ambassador~~ to Costa Rica?

8

A Yes.

9

Q Did you give him any instructions or were you
present when instructions were given to him to open up
a Southern front?

12

A No.

13

Q What do you know about that?

14

A I know what is in the newspaper. I know that
Admiral Tambs mentioned to me one time or a couple times
that he was sent down to Costa Rica with instructions
by Ollie North to open up a southern front. These were
discussions that took place in the 1986 time frame.
I know that in the newspaper he said his instructions were
issued by Ollie North, and a CIA officer, and I have always
wondered who that CIA officer was, because it wasn't me.

21

22

23

24

25

I was asked to go meet Admiral Tambs, and I can't
remember by whom, but it was either somebody in the State
Department or somebody at CIA before he went to Costa Rica,
And there wasn't very much time because he was leaving that

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~~TOP SECRET~~
~~UNCLASSIFIED~~

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1 day and -- and the schedules didn't mix, so I drove out
2 to his hotel room and met him in his underpants in his
3 hotel while his wife was in her slip in another room
4 packing with two small kids, and we had a 15-minute
5 conversation that was not very satisfactory.

✓ 6 It didn't mean much. He was a nice guy; but I did
7 not at that time, in Admiral Tambs' underpants, instruct
8 him in meeting him for the first time to go open a
9 southern front.

10 Q That was the only time you met him before he went
11 down there?

12 A Before he went down there, yes. I developed a
13 fairly good relationship with him during the subsequent
14 two years he was there.

15 Q Did you have discussions with him while he
16 was down there about opening up a southern front?

17 A In 86 ID, yes. That was about the southern
18 front and how it was going [REDACTED]

19 [REDACTED]
20 Q Nothing in 1985, though? I am trying to find
21 out where he -- he has testified that he was told he
22 went down there with instructions. I am trying to figure
23 out from whom.

24 A Let me answer the question this way. I did not
25 give him those instructions.

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bp-17

1 Q And you don't know who did?

2 A No, it is not within my ^uparview to instruct
3 an admiral.

4 Q Okay.

5 A I don't know who might have given him those
6 instructions. I would not presume to instruct an admiral
7 to open up a southern front. That is a fairly heavy
8 load to lay on somebody.

9 Q To your knowledge, prior to him going down
10 there that subject was not discussed at the RIG, was it?

11 A When did he go down? Do you know?

12 Q Summer of 1985.

13 A By the summer of 1985, what to do about
14 Ed Pastora was being discussed sensitively.

15 I don't have any specific recollection of that
16 issue being discussed in front of Admiral Tambs at the
✓ 17 RIG; but if he sat in a RIG meeting, it is probably that
18 it would have been discussed and it is probably that I
19 would have been one of the outspoken ones talking about
20 the need to marginalize Eden Pastora and outlining what
✓ 21 I--what my vision of how the south should work. And in
22 the fall of 1985 there was considerable discussion in
23 the RIG about what to do about the southern front because
24 Eden Pastora was jumping up and down screaming that he was
✓ 25 not getting any of the humanitarian aid, and that it was

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bp-18

✓ 1 terrible. And interestingly, the right wing or conservative
2 elements of the House and Senate were jumping all down
3 everybody's throat because we were treating Pastora so
4 badly. So there was a lot of discussion about it. A lot
5 of discussion about the southern front, how to go about
6 it. I don't recall specifically Admiral Tambs having been
7 there at a RIG meeting, but he certainly would have been
8 in and around where all these discussions took place.

9 Q To your knowledge was he given any instructions
10 to obtain the permission [REDACTED]
11 to have an air field built for contra re-supply?

12 A To my knowledge he was not -- I do not know
13 whether he was given such instructions, and that is not
14 something I was aware of.

15 Q Do you recall getting, receiving a cable in
16 August of 1985 in which a conversation between the
17 admiral and [REDACTED] was discussed concerning the
18 building of an air field for contra ^{resupply} ~~re-supply~~?

19 A The answer to your question is I do not recall
20 it, but I read it and I went back and checked my calendar
21 and I was there so I did see it at the time.

22 MR. BARBADORO: Let's mark as [REDACTED] Exhibit
23 5, a cable dated 13 August 1985, subject: [REDACTED]
24 [REDACTED] It is CII-Number
25 900; and mark as [REDACTED] Exhibit 6 a cable dated 17 August

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1 1985, subject [REDACTED] thinking with regard to UNO SUR,
 2 CIN Number 899.

3 (The documents referred to,
 4 were marked for identification
 5 as [REDACTED] Depositions Exhibits
 6 5 and 6, respectively)

7 BY MR. BARBADORO:

8 Q Please take a look at those [REDACTED]

9 A Yes.

10 Q Do you recall having received [REDACTED] Exhibit 5?

11 A No, I don't recall having -- I do not recall
 12 having received and having read that, but I am certain I
 13 did.

14 Q Okay. And [REDACTED] Exhibit 6, would that have been
 15 a response drafted by you?

16 A Yes, it was.

17 Q Do you recall drafting this response?

18 A I don't have a specific recollection of
 19 drafting that.

20 I have checked my calendar. I was there, and
 ✓ 21 there is no doubt that my name is there as originator,
 22 that I originated that.

23 Q [REDACTED] Exhibit 5 talks about the conversation
 ✓ 24 I have alluded to [REDACTED] Monge address to allow construction
 25 [REDACTED]

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1 [REDACTED] Having read these memos, is your recollection
2 refreshed as to whether you knew in August 1985 that
3 construction of an air field was being discussed?

4 A I don't recall it, but I do not sort of claim
5 that I didn't know it. I obviously, in August 1985,
6 was aware that both the possibility of building an air
7 field and establishing [REDACTED] was being discussed
8 or was, or had been discussed, yes.

9 Q Can you explain to me why you don't remember
10 these?

11 A Well, I can guess, because I was beginning on
12 vacation the next day. I think if you look at those
13 cables they are on a Thursday and Friday. I left,
14 as a matter of fact, when I saw them the first time I
15 called my wife to see if she could check her calender
✓ 16 to figure out when we left on vacation, because I don't
17 remember those. I must not have been here. We left
18 Saturday morning for a vacation for two weeks. I was
19 gone and just don't remember seeing them.

20 Q This would be a relatively significant agreement,
21 would it not?

22 A Yes.

23 Q [REDACTED] construction
24 of air field.

25 A Yes.

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bp-21

1 Q But for whatever reason you don't --

2 A I don't remember.

3 Q In the summer 1985.

4 A But that guidance is exactly what I would have
5 said. You can't be involved directly or indirectly in
6 doing it, because it is illegal, whatever [REDACTED]

7 [REDACTED] want to do, they can do.

8 Q When do you first recall having any knowledge
9 about the possibility that an air strip that would be
10 built [REDACTED] for contra ^{resupply} in, --

11 A My specific first recollection about that air
12 field, and I do not discount the possibility that I heard
13 about it earlier, even in between December of -- December 9,
14 1985 and the date of those cables, was on December 9
15 during a trip to Central America with Admiral Poindexter
16 as he was about to become the National Security advisor,
17 and it was a discussion with [REDACTED] on the ^{veranda}
18 of the hotel in which he mentioned the air field, and that
19 it was being built. And I told him to be very careful
20 what he did to make sure he didn't get involved and
21 stayed legal. And that was -- that is the first time,
22 as I have gone back extensively and tried to recall when
23 I knew about that air field; that is the first clear
24 discussion that I recall.

25

I can vividly call up about that air field.

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1 I don't discount the possibility of discussions between
2 that cable and December 9, but I don't recall them.

3 Q Do you recall being surprised when [REDACTED]
4 told you about the air strip?

5 A I recall my recollection was one of concern that
6 he knew about it and concerned that he might have been
7 rubbing elbows with it, because I said, "Jesus [REDACTED]
8 watch what you do. Stay legal. Don't get..." I said,
9 my specific words were, "Jesus [REDACTED] watch what you are
10 doing and stay legal."

11 Q I want to tell you and I am going to have to
12 wait a minute before I come to it that I have some
13 documents I want to show you that may suggest that you
14 heard about this sooner.

15 A I may have. I just don't recall it.

16 Q But recount for me again what [REDACTED] told you
17 about the air strip on December 9.

18 A That the air strip was being built and that it
✓ 19 was going to be used to support the Southern Front.

20 Q Did he tell you who was building it?

21 A No, I didn't ask him, and I said to him [REDACTED]
22 stay away from it. Make sure you stay legal. Stay within
23 the bounds. And [REDACTED] said something like, "I know what I am
24 doing. I have already made my decisions."

25 Q Ollie North was along on that trip, wasn't he?

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bp-23

1 A Yes.

2 Q Did you discuss the air strip with Ollie
3 North in December?

4 A I don't recall discussing it with Ollie
5 North in December. I recall discussing it with Ollie North
6 somewhat later than that in January and maybe later in
7 several occasions. One specific occasion that stands
8 out is at a meeting at the Department of State where he
9 showed a whole bunch of people pictures of the air field.

10 Q When would that have been?

11 A I really don't remember. It probably can be
12 pinned down by calend^aars, because I remember that it was
13 in the 7th floor of the State Department in the
14 Secretary's conference room at a SIG meeting, I think,
15 and I would have to go back and try to pin it down off a
16 couple of calend^aars what that was.

17 Q Is a SIG meeting different from a RIG?

18 A Yes, SIG meeting is the next level up.

19 Q That would have been in early February maybe.

20 A May have been. That would be about right.

21 I just don't remember the date, and I have not gone back
22 and tried to --

23 Q Who was present when the photographs were
24 shown around?

25 A Oh, gee. General Moller, I think, was present,

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bp-24

1 Colonel Kroeger, as I recall. This is all -- I think
2 Nestor Sanchez, myself, Elliott Abrams, maybe Bill Walker,
3 Ollie, probably Ray Bur~~X~~hardt.

4 Q Who produced the photos?

5 A Who had them in their possession?

6 Q Yes.

7 A Ollie did.

8 Q And what did he do with them?

9 A Showed them. He said, "Look at this. This
10 is the air field being built [REDACTED]"

11 Q What else did he tell you about the air field?

12 A Once again that is one of those occasions where
13 I looked at pictures and put them away and thought to
14 myself, "My God, that is dumb," and kind of backed away
15 from it; and I think he talked about sort of the status
16 of the field.

17 I remember my specific reaction, and that is
18 like showing pornography in junior high school. It is
19 something you don't want to get caught with in your
20 hands. I just kind of backed away from it.

21 Q Did he say whether he had played any role in
22 the construction of the air field?

23 A He didn't say it, but the implication was there,
24 you know, "Look at this. Isn't this great Here it is."

25 I thought to myself if you are involved in it,
you are ~~involved~~ for showing it and I don't know why you

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b-25

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1 are doing this thing. I just kind of backed away from
2 it.

3 Q Do you recall if he explained what the air
4 strip was going to be used for in anymore detail, other
5 than "for the contras?"

6 A Almost certainly he did. Once again I don't
7 recall the specific discussions of it, but I think that
8 we all knew and he must have said-- must have been
9 talking about it being used to fly into as an intermediate
10 stop out of [REDACTED] to stop to refuel and to fly
11 inside. And then I recall some discussions some place
12 later in the spring time where they talked about sort
13 of not having contras there and how to manage it and so
14 on.

15 But it was from that point, I remember it being
16 discussed a couple of times as to how it would be used,
17 what it was to be used for, and so and so forth.

18 Q Did he ever mention that the air strip had been
19 used?

20 A It is hard for me in my own mind to recollect
21 what I know now from what I knew then on that point. I
22 know now that it was used and the aircraft were stuck there
23 and that it was a big thing.

24 They had to get there to bring supplies in there.
25 That means it had to be used to fly stuff in and it is

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1 fairly obvious to me, and I suspect that I knew it at
2 the time that they were flying short haul flights in there
3 to bring in construction equipment because they had to get
4 there somehow. You couldn't get there any real way
5 because it was so remote.

6 I don't recall specifically that Ollie said
7 that it had been used, but it is possible that he could
8 have told me it had been used. I cannot specifically
9 recall a conversation in which he said a flight came in,
10 and it landed there and got stuck in the mud and all that,
11 but I know that now.

12 Q He may have-- he may not have. You are not
13 certain?

14 A I am not certain I wouldn't rule out the
15 possibility. I just don't remember that. The air field
16 in this whole saga is the thing of which my memory is
17 vaguest on because I really didn't focus on it one whole
18 hell-of-a lot.

19 Q You didn't take it seriously as a ^{resupply} ~~supply~~ base?

20 A No, I had a lot of other things I was worrying
21 about, a lot of other things I was thinking about. I knew
22 I wanted  to stay away from it. I knew it was being
23 built. I developed the understanding that it was being
24 built by the same people that were -- the previous
25 benefactors out  and what its intended purpose

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bp-27

1 was for. I was in [REDACTED] when [REDACTED]
 2 went to the meeting where [REDACTED] said, "You can't use it."
 3 I sat in the meeting. When [REDACTED] the next morning,
 4 talked to Lew Tamps about it, and they were distraught
 5 and I told them it is not a big thing. "Don't worry
 6 about it. Don't fight it. This is not something you
 7 have to break your pick about. We don't need it.
 8 We haven't planned on it. We don't need it."

9 From that time forward, it became a political
 10 football, a real hot potato, between [REDACTED]
 11 [REDACTED] and the U.S., and then I know sort of it
 12 was just there. It was sort of a pregnant problem waiting
 13 to break.

14 Q Do you recall the discussions in 1986 when
 15 [REDACTED] was threatening to ~~publicize~~ ^{publicize} the existence of
 16 the air field. Do you remember discussions with Ollie
 17 North and Elliott Abrams about that?

18 A Yes.

19 Q Were there any discussions about someone
 20 telling [REDACTED] that [REDACTED] would be deprived of aid
 21 or U.S. assistance if he exposed the air field?

22 A Let me tell you the story.

23 Q Okay.

24 A That is the best way to go about that-- 11:30
 25 at night. I was in bed. The phone rang. Ollie was on

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1 the phone. He was absolutely -- just in one of his manic
 2 moods, and he was screaming [REDACTED] is going to go public with
 3 the air field. You have got to stop it. You can't let it
 4 happen. You got to call [REDACTED] You have got to tell [REDACTED]
 5 to tell him to stop this thing. If he does it, I will
 6 see that he never gets another penny of U.S. aid."
 7 Blah, blah, blah.

8 Then I said -- I hung the phone up and I then
 9 called Elliott; and Elliott said, "Yes, I know. I
 10 have talked to Ollie, and he said, 'Well, what do you want
 11 me to do?' He said, 'Would you call [REDACTED] and see if [REDACTED]
 12 can do something about it?'" And I called [REDACTED] up long
 13 distance, a real breach of operating procedures.

14 I just picked up the phone at home and said, "
 15 [REDACTED]" and [REDACTED] said, "Yes, I am aware of the problem.
 16 I have already talked to...." and he talked around who
 17 the individual was, but it was [REDACTED] and
 18 it is taken care of. "Don't worry about it."

19 I called Elliott back and I then called ^{Lew} ~~Low~~
 20 Tambs and told him and then I called Ollie.

21 Q So you didn't suggest the way to deal with it?

22 A No.

23 Q You just called [REDACTED] and he said it has been taken
 24 care of.

25 A That is right. He said it was taken care of.

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1 I was going to suggest [redacted] go to [redacted] and see
 2 if you can talk him out of doing this because it is not
 3 going to be very helpful. But I know that from my lips
 4 to [redacted] sort of I didn't repeat the bombast that Ollie
 5 threw at me because I never repeated half of Ollie's
 6 bombasts.

✓ Elliott says he didn't repeat, nor did ^{low} [redacted]
 8 Tambs repeat the bombast that [redacted] had. No one ever does
 9 that. One thing I know about [redacted] if he had been threatened
 10 like that, he would have it on the public record. He
 11 would not deny it. He is scrupulous about repeating things
 12 accurately on the public record.

13 Q Do you know what [redacted] did to get the
 14 problem worked out?

15 A I suspect he -- I don't know what he did.
 16 No. He says he talked to [redacted] Beyond that,
 17 I don't know.

18 Q What was the CIA role supposed to be in the
 19 humanitarian assistance program?

20 A CIA's role in the humanitarian assistance
 21 program was to have been one of providing assistance,
 22 technical assistance and advice to NHAO and to monitor the
 23 shipments and deliveries down range, period, nothing more.

24 Q When did that program start?

25 A It started during late August of 1985. It

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1 really didn't get underway until late October of 1985.
2 The bureaucracy of establishing a new organization,
3 figuring out what the law meant and how to do it took some
4 six weeks.

5 Q Did you discuss NAHO at the RIG meetings?

✓ 6 A Ad nauseum.

7 Q Early on in the program, there was a problem

8 [REDACTED] as a result of

9 television cameras being brought along on one of the
10 flights. When was that flight?

11 A It was the second flight. I would expand
12 your remark by saying there was a problem -- there was
13 a problem of multiple stupidity. That was one of them.

✓ 14 There was another problem after that, but they ^{took} place
15 in late October as I recall.

16 Q And after that, it was decided that [REDACTED]
17 would be the base for humanitarian assistance.

18 A No, the story is much more complex than that.

19 Q Tell it please.

20 A I will tell that story.

21 The first flight went in and it went in okay.

22 The second flight went in, and it was hauled by -- it
23 was taken in with a CBS and a CNN crew on board, television
24 crew. They filmed the whole thing. [REDACTED] went
25 absolutely livid. They were jumping up and down. They

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1 forced the public back haul of the first and second
2 flight, everything had to be taken out and they went
3 public with taking it out.

✓4 Quietly, they authorized a third flight, and
5 the third flight developed engine problems and sat down
6 [REDACTED] and became once again
7 overt and they said, "Enough, you people can't run
8 this program. You are embarrassing us. Cancel all the
9 flights."

10 They said, "No more flights." This was a
11 military decision [REDACTED] It
12 just ended everything. You can't take stuff into

13 [REDACTED] The NHAO Program is useless, because that is
14 where you need it.

15 So it became the focal point for the RIG to
16 reverse this decision, and it was the topic in Central
17 America to the preclusion of damn near every other topic
18 for the next three months.

19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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Both [redacted] and [redacted] changed about the same time, and I can't remember which was January and which was February.

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1 Q Okay.

2 A At that point in time, and this is Decemberish.
3 The RIG takes a decision, ^{because} ~~because~~, we got to do something
4 about this thing. Let's set up an alternate point of
5 supply. Let's go through [REDACTED]

6 Q Who came up with the idea to use [REDACTED]

7 A If I had to put my finger on somebody, I would
8 say Oliver North.

9 Q Do you recall whether North said anything about
10 having connections into [REDACTED]

11 A I vaguely recall him saying that he was
12 certain that [REDACTED] would go along with it.

13 Q Do you recall --

14 A I know that he was a major proponent of it.

15 That is another thing that I was lukewarm on.

16 Q Do you recall him mentioning Felix Roderiguez
17 as being a contact he had down there who could get you access
18 to the air base?

19 A No, but he mentioned Maximo Gomez.

20 Q Okay. At that point, did you know Maximo Gomez
21 as Felix Rodriguez?

22 A Yes.

23 Q Okay. Was that one of the reasons why North
24 thought he could get the use of [REDACTED]

25 A I think that in previous ⁱⁿ incarnations North

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1 knew, either knew or knew that [REDACTED] would be
2 cooperative and he was a major -- he was a major proponent
3 of the move of doing it that way and he eventually
4 convinced the RIG that that was the way to go.

5 MR. BARBADORO. Let me mark as [REDACTED] Exhibit 7
6 a letter dated September 20, 1985, addressed, "Dear Felix,"
7 signed, "N."

8 (The document referred to was
9 marked for identification as

10 [REDACTED] Exhibit Number 7.)
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1 MR. BARBADORO: Why don't you read that and then
2 take a five-minute recess?

3 (Recess.)

4 MR. BARBADORO: Back on the record.

5 BY MR. BARBADORO:

6 Q [REDACTED] have you read Exhibit 7?

7 A I have.

8 Q And have you ever seen that letter before?

9 A No.

10 Q This purports to be a letter from Oliver North to
11 Felix Rodriguez, and it talks about Felix gaining permission
12 to use [REDACTED] as a place for FDN planes to be
13 maintained.

14 Do you recall whether North, in the fall of 1985,
15 ever mentioned to you that he had sent a letter like this to
16 Felix Rodriguez?

17 A I have no recollection of that.

18 Q Do you recall whether he ever mentioned that he had
19 an arrangement with Felix Rodriguez where FDN could be
20 worked on [REDACTED]

21 A No, that letter comes at -- at that point in time,
22 it comes as a complete surprise to me.

23 Q Okay.

24 A That is much earlier than I would have suspected.

25 Q When would you -- when did you first know that

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North and Rodriguez have a relationship concerning the

A Decemberish of 1985 when we began in the earnest discussions of in the RIG meetings about diversifying, getting an intermediate stop someplace along the way and use of [REDACTED]

Q What did North tell you at that time about Felix Rodriguez and [REDACTED]

A It wasn't what he told me. It was his comments at the RIG meeting and his putting forward the position that use of [REDACTED] - first arguing for the use of [REDACTED] as an intermediate stop, putting up warehouses and so on and so forth; and secondly, his taking the position that Felix Rodriguez could handle the ^{transshipment} ~~trans-shipment~~, handle the affairs at [REDACTED] and -- the word kind of eludes me -- taking steps or arranging or casting things in a way as to make it clear that any CIA role similar to the inspecting, confirming role made [REDACTED] was not welcome.

Q I am not sure I understand.

A Well, Felix Rodriguez and [REDACTED] didn't like each other. As a matter of fact, they big time disliked each other.

Q You knew before December 1985 that Felix Rodriguez was down there [REDACTED]

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1 A Absolutely, yes. And I knew that there was
2 tension, there was friction between Felix Rodriguez and [REDACTED]
3 [REDACTED] in the area with Felix
4 Rodriguez.

5 The relationship was not a comfortable one, and if
6 Felix Rodriguez was going to have something with the
7 [REDACTED] trans-shipment for NHAO affairs, CIA couldn't, and
8 we really didn't want to other than in verification.

9 And so, there was discussion, and I can't remember
10 it all. It is kind of a vague glop, but Ollie arguing for
11 moving there and leaving it pretty certain that Felix
12 could handle the job. And we didn't get involved with it
13 too much.

14 Q Did Ollie say whether Felix was also assisting
15 with lethal aid to the contras?

16 A Not that I can recall at that point in time.

17 Q You later found out that Felix was working with
18 the people providing lethal aid, didn't you?

19 A Yes, it developed --

20 Q In the spring of 1986.

21 A Even earlier -- February-March 1986, as it
22 develops, as you watch this operation and see the whole
23 thing coming down, yes.

24 MR. BARBADORO: Let me mark as [REDACTED] 3 some
25 handwritten notes that purport to be of a RIG meeting

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1 on 10-1-85 which were taken by Ambassador Duemling.

2 [REDACTED] Exhibit 8 was marked
3 for identification.)

4 THE WITNESS: Can I read these?

5 MR. BARBADORO: Please read them. I have
6 highlighted the ones that I will ask you about, but feel free
7 to glance through them.

8 BY MR. BARBADORO:

9 Q [REDACTED] do you recall the meeting that is
10 described in these notes?

11 A Not specifically, no.

12 Q Did you have meetings to discuss NHAO in
13 October of 1985?

14 A As I said, from October forward there were
15 extensive meetings to discuss NHAO and to help organize
16 and get things started going.

17 Q So, it is fair to say that there were several
18 meetings with people like Michael, North [REDACTED] Walker,
19 Milton, and Duemling.

20 A Yes, there would be frequent meetings like that
21 and there would be that group and sometimes the composition
22 would change, but there were a lot of meetings like that.

23 Q On page 2 of the notes, it says [REDACTED]
24 Project Hope being asked to take on refugee assistance; air
25 strip being prepared; Hope will care for wounded together

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1 with refugees; NHAO can funnel medicine and food through
2 PH to the southern front."

3 What is Project Hope?

4 A Project Hope is the -- isn't it the thing that
5 runs the hospital ships around the world?

6 Q Do you recall any discussion of Project Hope at any
7 of these NHAO meetings?

8 A Absolutely. It was discussed extensively.

9 Q What was the role of Project Hope with the
10 humanitarian assistance operation?

11 A The medical supplies and medical support for the
12 resistance prior to the funding cut-off of 11 October,
13 9 October of 1984, had been supplied through the agency
14 in our office of medical services.

15 We did the training, we interfaced, bought the
16 medicines, help them put up hospitals and so on and so
17 forth.

18 When NHAO came into the structure, they needed
19 to find a competent medical group who could provide the
20 medical side, support the medical side of their undertaking,
21 and they looked around and there were a series of
22 charlatans who were making bids, trying to get bids, contracts
23 for this.

24 Ambassador Duemling and I am not quite sure how
25 it got set up, but interfaced with Project Hope, the

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1 Project Hope, to get them to provide the expertise, the
2 purchasing, and to help with pulling together the in-
3 United States portions of shipping to a warehouse at Dulles
4 where they then shipped it forward via NHAO channels, and
5 Project Hope was a major player with Ambassador Duemling
6 dealing with the Project Hope staff.

7 Dr. Walsh, maybe, I think -- he is the director's
8 name.

9 Q Under the reference to Project Hope, it says --
10 and also under the reference to [REDACTED] -- it says,
11 "Air strip being prepared."

12 You would agree with me that this appears to be a
13 reference to the [REDACTED] air strip, [REDACTED]

14 A It could be. It is not an unreasonable
15 assumption.

16 Q What else could it be?

17 A I don't know what else it could be.

18 Q And in 10/85 we know the air strip is under
19 construction; we know it is [REDACTED] and we know the
✓ 20 air strip would be used to supply the Southern Front.

21 A Yes.

22 Q Here the reference is "Air strip being prepared."

23 Can you think of any other explanation other than
24 that this is the air strip [REDACTED] under
25 construction that is being referred to here?

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1 A No. I could, but none of them would make any
2 sense. It could be anything.

3 Q Now, when I show you [REDACTED] Exhibit 8 and the
4 reference to "air strip under construction," do you now
5 recall discussing the construction of the air strip at this
6 meeting in October of 1985?

7 A No.

8 Q Do you still maintain that the first time you heard
9 about the air strip was in December of 1985?

10 A I have searched my memory and tried to recall
11 anything specific about that air field, and the first
12 specific notch in my memory is December 9 where that
13 conversation with [REDACTED]

14 As I said previously in a statement, it is
15 possible -- it may even be probable it came up. I just
16 don't remember. But it looks like it did. I just don't
17 remember. It is just not there.

18 Q If I recall your testimony correctly, when you met
19 with [REDACTED] in December, you were surprised and
20 concerned when he referred to the air strip.

21 A No, what I said was in -- I said what he told me
22 about the air strip, I remember him saying, "The air strip is
23 being built." And I said, "Watch yourself. Don't get
24 involved with it. Stay legal."

25 Q But you have no memory of --

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1 A I don't remember.

2 Q Of having heard of the air strip before that?

3 A I just don't remember.

4 MR. POLGAR: Off the record.

5 (Discussion off the record.)

6 MR. BARBADORO: Let's go back on the record.

7 BY MR. BARBADORO:

8 Q Let's go back to the discussion in December
9 where you recall [REDACTED] mentioning the air strip to you,
10 asking you to try to reconcile the fact that you were in a
11 meeting in October where the air strip was apparently
12 discussed, and your testimony about your conversation
13 with [REDACTED] in December concerning the air strip.

14 How do you reconcile those two things?

15 A I can't reconcile it. It is obvious that it was
16 mentioned. It is obvious I have forgotten it.

17 As I told you in all of this undertaking, the
18 thing about which my recollection is the vaguest is that
19 air strip. I do not have clear time lines of discussion on
20 that air strip until December.

21 Now, I went back, and when I saw that cable from
22 August, I was surprised about that cable, because I didn't
23 remember it. And you show me that paper, and I don't remember
24 that meeting, where we discussed that. That is not something
25 that sits out in my mind as a clear something I clearly

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1 recall.

2 I do not deny, nor did I in my previous testimony,
3 that from the time of that cable in August to December there
4 may have been discussions about the air field which I heard
5 or where comments were made, but I don't remember them.
6 That is the best I can do.

7 Q Okay.

8 On page 1 of the notes, it says [REDACTED]
9 will supply list of reliable suppliers to NHAO."

10 Do you remember agreeing to provide NHAO with a
11 list of reliable suppliers?

12 A Yes. As part of the carefully negotiated -- and
13 I emphasize "carefully negotiated" -- agreements with the
14 various oversight committees. ~~It~~ was understood that CIA
15 could provide information and advice to NHAO about who they
16 could use, who they couldn't use, what was good, what was
17 bad, how to do something, and so on. And within that context
18 you will see throughout the NHAO files that we were
19 frequently giving them advice about doing things; because we
20 have the expertise, rests in our agency or in DOD.

21 So, what I was to do on that was provide a list
22 of people that can get boots or clothes or this or that
23 and run them through our logistics system.

24 Q Did you provide any advice about who should be
25 involved in providing the aircraft to carry the

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humanitarian aid down there?

A Yes.

Q Was Gadd or his company on your list of approved suppliers?

A We didn't have a list of approved suppliers, per se. They would ask you whether this is a good guy or that is a bad guy, and after Corporate Air was forbidden to fly into Nicaragua, they asked me to look into whether Gadd was a reasonable person or not.

Q What is the time frame on that?

A January, early January 1986.

Q What effort did you make to determine whether Gadd was a reliable person?

A I met with Gadd, and I had one of my officers, [REDACTED], very experienced paramilitary officer, meet with Gadd. We met with him. We talked with him about his airplanes, talked about what he was flying, what he was doing, how he was operating, his cost figures, spare parts, so on and so forth.

Then we came to -- I didn't come to it, because I am not really -- I came to assessment of the man -- my [REDACTED] officer came to the assessment of the operations, and we passed it to Mr. Duemling.

Q Did you do a credit check or a criminal check or look into his military background or anything like that

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✓ 1 on Gadd?

2 A Military background, yes. Credit check -- we
3 checked his licensing. We checked whether he had the
4 operators and all the permits needed to fly and found out
5 essentially that he was a jobber -- he didn't have operators
6 permits, and that he was subcontracting out, that he didn't
7 have the structure and expertise that he claimed to have.

8 And we recommended to Ambassador Duemling that he
9 diversify off there, and he did as soon as NHAO -- the
10 ~~transshipment~~ ^{transshipment} took place.

11 Q Do you know how Gadd came to you chosen by Duemling?

12 A I was told the FDN recommended him.

13 Q Did you also know that Ollie North was recommending
14 him?

15 A I would suspect that Ollie North probably also
16 recommended him, as well.

17 Q Do you know that from firsthand knowledge or do you
18 assume that he did?

19 A Ollie North, at the meetings that took place, I
20 recall, suggested and was forward leaning and supportive of
21 NHAO using Gadd.

22 Q Did he explain why he was?

23 A No.

24 Q In your checks of Gadd, did you look into how he
25 was going to finance his operation?

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1 A Charge too much-for the flights and subcontract
2 it was what we came up with.

3 Q Did you know he was going to use Southern Air
4 Transport?

5 A No, but we knew that he was going to -- we didn't
6 know specifically he was going to go subcontracting, but as
7 we talked to him and got into it and [REDACTED] probed him about how
8 he would run his operation, it was clear that he was going
9 to subcontract out. And we thought Southern Air Transport
10 would be one of them.

11 Q Did he disclose who his partners and employers
12 were?

13 A No, he got very closed-mouth -- the more you
14 probed, the more he got very mystic; and he made a lot of
15 references to classified missions he was doing with DOD and
16 so on and so forth.

17 And the alarm bells started going off in my
18 head. The ^{shyster}~~schyster~~ alarm bells started going off in my
19 head, and [REDACTED] was coming back saying, "Fly-by-night
20 operator." And when the alarm bells went off in my head,
21 I never met with Mr. Gadd again, because I figured that was
22 not someplace I wanted to be.

23 And I told [REDACTED] after one or two more meetings,
24 "Don't go back and talk to him anymore."

25 Q Did he explain to you that Richard Secord was

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1 involved in his operation?

2 A I don't recall that mention of Secord.

3 Q That would have rung a bell with you?

4 A Yes, that would have rung the alarm bells.

5 Q So, it is fair to say that his name didn't come
6 up.

7 A I am fairly certain he didn't tell me that.
8 That would have rung a bell for sure.

9 Q Did he mention Rafael Quinteros was somebody
10 he was associated with?

11 A No.

12 Q Did he tell you about the aircraft?

13 A He talked about his C-7 Caribous, yes.

14 Q Did he tell you how many he had?

15 A He must have mentioned it, that he had two.
16 I remember him talking about the one that almost crashed
17 going in there and having to throw stuff out of the
18 aircraft.

19 Q Did you talk to him after he had had the Caribou
20 down there?

21 A I talked to him while they were going down.
22 The first one to go down was the one that almost crashed
23 carrying the load.

24 Q They had to throw out the spare engine and
25 refrigerator out the back.

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1 A It was just the day after that happened.

2 Q Did he tell you about that?

3 A Yes, oh, yes. They had to throw it out, and he
4 was sort of bitching and groaning about it, yes.

5 Q And it was your understanding that that Caribou
6 would be used for humanitarian assistance flights only to
7 [REDACTED]

8 A Also back and forth, yes.

9 Q To [REDACTED]

10 A It was my understanding that the FDN would probably
11 contract to fly some flights also. I think that was all of
12 our understanding, that these flights -- because the rules
13 out of [REDACTED] -- rules out of [REDACTED] by the time
14 this was set up was that only FDN-controlled airplanes
15 could fly from here to here, from [REDACTED] [REDACTED]
16 and [REDACTED] to [REDACTED]

17 So, I knew it was essentially FDN-controlled, not
18 a U.S.-contracted airplane.

19

20 Q You subsequently learn those Caribous were being
21 used by the private benefactors to fly the lethal
22 assistance, didn't you?

23 A Yes, I would say by March or by early March,
24 yes, I saw the first indications that those flights were
25 crossing the border into Nicaragua and flying lethal in

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✓1 Nicaragua, and I knew when they were not hauling NHAO stuff
2 that they were probably shuttling lethal aid between
3 [REDACTED] and [REDACTED]

4 Q You knew by then that these people were the, quote,
5 "private benefactors," didn't you?

6 A Yes, I knew they were going through a
7 metamorphosis into the private benefactors, by, I would say,
8 March.

9 Q So you knew that Gadd was one of the private
10 benefactors, right?

11 A I knew that Gadd turned into one of the private
12 benefactors. I suspected -- I smelled that he might be
13 turning into a private benefactor when I met him and didn't
14 want to get involved and backed away from it.

15 I did not like what I felt or saw and thought
16 that that was much too close for me and backed away from it.

17 Q Did he say anything to you directly that he was
18 planning to provide lethal assistance as well as non-lethal?

19 A Not lethal assistance, but he implied or said he
20 was planning to fly into Nicaragua at one point in time, and
21 I just pulled away from that.

22 Q Did he say anything to you which suggested that he
23 had the approval of Ollie North for what he was planning
24 on doing?

25 A I don't recall him saying anything like, "Ollie

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1 approved this operation," but I came away with the distinct
2 impression that he and Ollie knew each other pretty well
3 and that Ollie knew what he was doing.

4 And I came away, as I said, with a distinct
5 impression that this was someplace I didn't want to be,
6 so I didn't get back there.

7 Q On page 2 of the notes, first Exhibit 8. It says
8 "(North) can use -- Mr. Green said to -- Maximo Gomez,
9 [REDACTED] will airlift the stuff from
10 [REDACTED]

11 Do you remember any discussion of Maximo Gomez
12 at a meeting such as this in October?

13 A No, but as I told you, I don't recall that specific
14 meeting, but I recall meetings in the fall where Maximo
15 Gomez was talked about as the person who could handle
16 the coordination on the ground in [REDACTED] for trans-
17 shipment.

18 But I recall it being somewhat later than that.
19 I recall when we were discussing, intensely, setting up the
20 [REDACTED] ^{transshipment} ~~transshipment~~ operation, to my recollection, it was
21 in December, not October. But that was the time.

22 Q Do you recall references to a Mr. Green in any
23 of these meetings?

24 A No, I don't know who Mr. Green might be.

25 Q Felix Rodriguez, a.k.a. Max Gomez, has testified

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1 that he received [REDACTED] Exhibit 7 on September 29, 1985,
2 that he, after receiving the letter, called Oliver North and
3 said, "I agree to do what you ask," and North said, "Await
4 the instructions from someone who will call and identify
5 himself as Mr. Green"; that in December he received a call
6 from a person who he later learned was Rafael Quinteros
7 who said, "I work with Mr. Green, and I have a flight coming
8 in tomorrow with heavy stuff on it." It was a 707,
9 SATCO 707 that contained ammunition.

10 Did Ollie North tell you anything about his
11 proposal to use Max Gomez to allow flights of lethal
12 assistance into [REDACTED] in December 1985?

13 A No. None of that -- that is all news to me.
14 That is all new information.

15 Q So these references to Mr. Green and Maximo
16 Gomez and air lift the stuff from [REDACTED] would be for
17 something different?

18 A I have no idea what that is about.

19 Q Would you have remembered if it was something
20 about a plan to ship arms into [REDACTED]?

21 A I would think so. I would think if they were
22 doing that, yes, and I knew about it, I would remember that.

23 Q And you don't remember that?

24 A I don't remember that, and I am hearing Mr. Green
25 for the first time.

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1 Q Do you recall going to [REDACTED] with Oliver North
2 December 30, 1985?

3 A I don't remember December 30, but I remember in
4 late December time frame, yes.

5 Q [REDACTED] was on that flight.

6 A Bill Walker.

7 Q Yes.

8 A And myself.

9 Q How did you get to [REDACTED]

10 A We flew on a government airplane.

11 Q Not a Jetstar?

12 A No, it was a U.S. military airplane. It might have
13 been a Jetstar, but --

14 Q A U.S. military plane?

15 A Took off from Andrews Air Force Base, went to, as
16 I recall -- well, maybe it went to [REDACTED] first and then
17 to [REDACTED] and then back.

18 Q What was the purpose of going there at that time?

19 A It was to coordinate [REDACTED] -- to make the
20 final arrangements of [REDACTED] ^{transshipment} ~~trans-shipment~~ operation,
21 as I recall.

22 Q Who did you coordinate it with?

23 A I didn't coordinate it. I was the -- those
24 meetings, whenever we travel down there, because of the need
25 to present a united front, in all of those sessions we

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1 traveled as an interagency group. You never saw in that
2 time frame, and even to this day, people dealing on the
3 Central American issue traveling individually.

4 So, that was why that group was like it was --
5 State Department, NHAO, CIA -- as a -- and NSC.

6 We landed in [REDACTED] Ollie and I can't
7 remember whether the Ambassador went with him and met with

8 [REDACTED] and I stayed and met with [REDACTED]

9 [REDACTED] I did not sit in the meeting a [REDACTED]

10 It was at that point that I delivered the first of two
11 direct instructions. Our role was not to be involved in this
12 thing. Our role was to provide verification reporting, what
13 is in, what is out, and that is that, but not to be
14 involved in any way with the thing whatsoever.

15 As I remember, I told [REDACTED]
16 [REDACTED] that. We sat in a little anteroom, Bill Walker
17 and I, while Ollie was off in the other meeting. I did
18 not go into that meeting.

19 Q Had you been told by that point that in early
20 December a 707 with ammunition, a SATCO 707, had been flown
21 into [REDACTED]

22 A No, I had not been told that a 707 had been
23 flown into [REDACTED]

24 Q In December 30 there was in storage [REDACTED]
25 [REDACTED] approximately [REDACTED] pounds of ammunition that had been

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1 flown in.

2 Did you see that?

3 A No.

4 Q Did you know that any material was -- ammunition
5 was being stored there?

6 A I would have known that there were still ammunition
7 left from our earlier program before 1984, because we left
8 it sit there and froze it.

9 I didn't know that fresh ammunition had been flown
10 in until it was there December 30.

11 Q You hadn't received any reports that lethal
12 assistance for the contras had been flown into [REDACTED]
13 in December?

14 A I don't recall seeing a report like that. I recall
15 a report -- and I can't put a point in time -- I think
16 I recall a report of a 707 going into [REDACTED] but
17 I would place it at a later date than that. I would place
18 it in the spring sometime.

19 Q Did you have discussions with Ollie North in
20 December about his plan to use [REDACTED] both as a place
21 for the humanitarian assistance shipments and for lethal
22 assistance shipments?

23 A I didn't know Ollie had a plan that he was
24 actively involved in to move stuff around, and I don't
25 recall talking in specific terms about -- as a matter of

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fact, I didn't talk to him that I can recall about moving the co-locating and piggy-backing on the NHAO program to fly lethal supplies out of [REDACTED]

Later, in 1986, February or March, when we started planning, I talked -- we talked about the use of [REDACTED] in a different role and whether or not we would use it in our program; but I don't specifically recall a discussion with Ollie.

Q How about a general discussion in December 1985? Did you have any idea that there was a plan that involved --

A No.

Q Just of [REDACTED] to ship arms to the contras?

A No, I don't have any -- no. I think my understanding that lethal equipment was going to be flown out of [REDACTED] or that lethal equipment was [REDACTED] probably started developing in February 1986 or later than that.

Q Did you understand that some of this humanitarian assistance would end up with the Southern Front as well as with the FDN?

A If it could be gotten there.

Q How did you think it would be gotten there?

A Well, as you noted from the record, we knew that was a problem and didn't -- couldn't figure out just how to get it there, and we came up with the idea of a direct drop

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✓ 22
2 flying from the States into the Southern Front to get some
3 symbolic -- symbolic material delivered -- more than symbolic
4 a start.

5 In fact, we worked with NHAO and provided them some
6 technical support to make a drop which they finally got done
7 successfully before we just figured that, given everything,
8 it was too hard for NHAO to do, and they didn't try it again.

9 Q So, you did one drop. And what was the plane
10 that was used?

11 A It was a [REDACTED]

12 Q Whose plane was it?

13 A From [REDACTED] -- I think it was [REDACTED]

14 [REDACTED] That may not be the correct name, but it was run
15 by [REDACTED]

✓ 16 Q That was the only direct drop of humanitarian
17 assistance to the Southern Front?

18 A Yes.

19 As a matter of fact, I want to put something on
20 the record at this point in time.

21 Q Yes.

22 A And it is important that shows you kind of where
23 in my mind I was in December, early December of 1985. There
24 was a meeting in either late November or early December,
25 just before the final conference -- well, the conference
was going on on the Intel Authorization Act in which

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✓ 1 McFarlane shared and asked the conferees to attend. And
2 Congressman Hamilton, Congressman Stump, Congressman Cheney,
3 maybe Congressman McCurdy were there, and one Senator --
✓ 4 Senator Durenberger came; and the thrust of it was to argue
5 rather passionately for the Intel Authorization Act allowing
6 CIA to provide logistics support to the resistance forces,
7 because it was so critical.

8 And I will tell you very honestly I was in the
✓ 9 forefront of arguing for that; because I felt if the
10 logistics' delivery system couldn't get fixed, if we couldn't
11 get back in and lay together something that was not
12 functioning right, that we had a serious problem.

13 And I argued long and hard in sort of my capacity
14 as working on the legislative team that was involved in this
15 to get that thing fixed.

✓ 16 At that point in time, if I had known this, I might
17 have been less passionate in my arguing and slightly more
18 relaxed, but I didn't know any of this stuff.

19 Q Did you ever have any contact with Rob Owen?

20 A No.

21 Q Did you know that he was being used as a contractor
22 by NHAO?

23 A I knew that, yes. .

24 Q How did you know that?

25 A It was discussed in various NHAO meetings during

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1 the fall of the year about whether or not to put Rob Owen
2 on contract, how to put him on contract, what his role
3 would be, and so on.

4 Q Do you know who the principal proponent of putting
5 Rob Owen on NHAO payroll was?

6 A Yes.

7 Q Ollie North?

8 A Yes.

9 Q Did he say why?

10 A "Rob Owen is a good kid." Rob Owen know^S these
11 people. Rob Owen has been around them, developed good
12 contacts. They trust him.

13 Q Do you recall a letter from the AAA representing
14 Owen?

15 A I recall discussion of the AAA recommending him and
16 so on and so forth.

17 Q Okay.

18 A I don't recall that specific letter, but I recall
19 the topic.

20 Q Did North ever tell you what he had Rob Owen
21 doing in Central America?

22 A No. And I never asked.

23 Q Did you always understand that Rob Owen's sole
24 role in this thing was as consultant to NHAO?

25 A Rob Owens' role was ubiquitous. In the 1985 era,

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1 he was a count -- the Miskito Indians and other areas. He
2 was a person who had contacts and so on and so forth.

3 In that time frame, I really didn't know what he
4 did. I developed someplace in 1985 an understanding that
5 he was working with Ollie, and that was another person that
6 I refrain from meeting.

7 Q How did you understand that, come to understand
8 that relationship?

9 A Ollie mentioned him a couple of times in
10 discussions, and I think Rob Owen in discussions around when
11 people mentioned Ollie. And it became clear that there was
12 a connection between Rob and Ollie.

13 And then in 1985, summer of 1985, Ollie took a
14 fairly strong advocacy position in NHAO picking up Rob Owen
15 and putting him on board, and that sort of put the rest of the
16 package together.

17 Q Did you later learn that Rob Owen was doing --
18 continued to do work for Ollie after he was on the NHAO
19 payroll?

20 A No. Rob Owen is a person that I did not focus on.
21 I didn't focus on his activities and didn't get involved
22 with that and didn't know that while he was on NHAO payroll
23 he continued to work for Ollie North.

24 Q Can you explain the 10 percent rule to me?

25 A I can try.

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1 Q Go ahead.

2 A I told you I was -- I participated in the early
3 days of discussions trying to define what NHAO could and
4 couldn't do and how CIA and DOD could or couldn't relate
5 to NHAO and define the parameters of that operation.

6 One of the issues that came up was these planes
7 are flying from point A to point B and hauling things, and
8 this is a war -- must they always fly with NHAO when they
9 are carrying NHAO material with only nonlethal stuff?
10 What-happens-if-there-is-some-space-left-over kind of a
11 discussion.

12 At that point -- and this is where I don't have
13 direct knowledge -- it is my understanding that the Depart-
14 ment of State and NHAO had some additional discussions, to
15 which I did not attend, with Congressman Hamilton and some
✓ 16 others on the oversight committee; and they talked about this
✓ 17 question. And ultimately they came down with saying that if
18 there is some small and relatively insignificant space left
19 on an airplane, it is not inconsistent with the law to put --
20 fill it up with on-a-space-available basis, with some lethal
21 material.

22 And so, there was discussion, and again, I couldn't
23 pin the date down or the time or the specifics of it. They
24 talked about, well, what does that mean, and outcomes; well
25 not more than 10 percent. I recall that actually being

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1 discussed and then us sort of relaying it down there in
2 our verification role that you can't have more than -- make
3 sure there is not more than 10 percent lethal on any
4 particular flight.

5 They flew a few flights that way. It continued to
6 be debatable, continued to be controversial. Elliott
7 Abrams was uncomfortable with it.

8 Then we had one flight that the FDN tried to take
9 off with, sneak out, that was almost totally lethal.

10 Q That was in February of 1986?

11 A Something like that. I don't remember the date,
12 but it is that time frame.

13 And our [REDACTED] man [REDACTED] caught it, and he
14 reported it, and at that point Elliott Abrams said, "Let's
15 knock this off totally and completely. This is too
16 sensitive."

17 So, someplace in there the 10 percent rule went
18 away. That is how I remember it.

19 Q Let me represent to you that one of the cables
20 I have says that -- a cable of February 22, 1986 discusses
21 the flight that was here described as 50 percent lethal.

22 It is fair to say as of that date, as of
23 February 1986, you knew that lethal assistance was being
24 shipped out [REDACTED] as well as humanitarian aid; is that
25 right?

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1 A I think it is fair to say before that.

2 As I said, sometime in February, but maybe before
3 that date, yes.

4 Q How did you discover that they were shipping lethal
5 assistance out of there?

6 A I don't directly recall that, but my guess is
7 [REDACTED] -- I don't know. [REDACTED] asked us about it
8 or it came up at a RIG meeting. I just don't recall how it
9 came up specifically, but at one point in time one knew
10 there was lethal stuff there.

11 Q Who did you understand to be the people shipping
12 the lethal stuff out?

13 A I understood at that point in time that the FDN
14 suppliers, the same people that are provided our supplies,
15 I thought, up to around -- all during 1985 had taken some
16 supplies into [REDACTED] and it make perfect sense because
17 [REDACTED] weren't allowing anything to come into the
18 country at that point in time.

19 So, I thought they had just taken it on in.
20 I never asked the question and I don't remember specifically
21 focusing on it.

22 Q Well, would you agree with me that you must have
23 come to the conclusion in January or February that the same
24 people that were shipping the humanitarian aid were shipping
25 the lethal aid?

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1 MS. MCGINN: I object to the form of the
2 question.

3 BY MR. BARBADORO:

4 Q You can answer that. She is just putting on the
5 record her objection.

6 A Would you ask the question again?

7 Q Sure.

8 Is it fair to say --

9 A I heard the objection.

10 You broke my concentration.

11 Q Is it fair to say that in February 1986 that you
12 knew that the same people who were providing the humanitarian
13 aid and shipping the humanitarian aid were also shipping the
14 lethal aid?

15 A It is fair to say that, and let me tell you why it
16 is fair to say that.

17 [REDACTED] had stipulated that only FDN-
18 controlled aircraft could make that shuttle, and the
19 aircraft had to be covered by and affiliated with the FDN
20 and not U.S.-run airplanes.

21 The initial flights that were carrying the
22 supplies from [REDACTED] the very early ones from

23 [REDACTED] to [REDACTED] was the FDI [REDACTED] carrying lethal
24 stuff all over creation, and I knew the Caribous, that the
✓ 25 C-7s, were when they were making that ~~transshipment~~ ^{transshipment} flight,

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1 were available for contract when not otherwise working for
2 the NHAO contracts to carry over stuff for the FDN, and
3 other stuff only meant lethal material.

4 I knew that that -- I knew that was going on.

5 Q Okay.

6 You knew that Gadd was the one that was leasing
7 out the Caribous, right?

8 A Yes.

9 Q And you knew that Gomez was the one who was used
10 to get the contacts to get the planes into [REDACTED] in the
11 first place, right?

12 A Yes.

13 Q And you knew that both of those people had
✓ 14 contacts with Ollie North. Because it was North that had
15 suggested Gomez as the person with contacts in [REDACTED]
16 and North was one of the people who was pushing Gadd as a
17 contractor for NHAO, right?

18 A Yes.

19 Q And is it fair to say that you knew that North
20 had connections with these people as early as February of
21 1986?

22 A It is fair to say that I knew that North was
23 arranging for these people to be involved in this operation,
24 and it is fair to say that I backed right away from it and
25 didn't want to get involved in it.

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1 It is fair to say that I instructed [REDACTED]
2 [REDACTED] to stay away from it and instructed CIA people to stay
3 away from it.

4 And I did not try to develop a clear picture of
5 all those things.

6 Q So, you knew that North had connections to these
7 people; and you decided at that point that you didn't want
8 to know more, right?

9 A I knew at that point in time that that is right.
10 I was just not going to get involved with it. My job was
11 and had been to keep the agency within the boundaries of
12 propriety, and to do what I could within the framework of
13 the law to support the President's policy, and that is what
14 I did.

15 I backed away and tried to make sure that everybody
16 else backed away and stayed away from places where we saw
17 potential grief.

18 Now, all that said, I did not try to put all these
19 pieces together and say, "Look at that;" but I think there
20 were about a hundred other people in this town with
21 exactly the same degree of knowledge that I had, if you
22 look at it.

23 Q But even though you knew these things about this
24 resupply effort in February, you didn't inquire of Ollie
25 North about what his precise connection was and who these

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1 people were and who was funding them, etc.?

2 A I didn't ask Ollie North questions that I knew
3 or thought might put me someplace I didn't want to be.

4 Frequently, I did not like -- I wouldn't give
5 Ollie a chance to talk to me about those things. I certainly
6 didn't ask him where the money was coming from and what all
7 this stuff was and how all this was going down and tried to
8 keep myself uninvolved.

9 Q In February of 1986, you had a confrontation
10 with Felix Rodriguez [REDACTED] correct?

11 A Yes -- well, I had a confrontation in that time
12 frame. I am not sure it was February. I could check
13 the record and get the date.

14 Q Can you describe the circumstances of that
15 situation?

16 A I had gone [REDACTED] for meeting [REDACTED]
17 [REDACTED] and I got a message while I was [REDACTED]
18 that because of the friction at [REDACTED] and
19 Max Gomez, in particular, and the Ambassador being
20 concerned about that whole operation, where and how it was
21 going to work, he asked me to come over -- Ambassador [REDACTED]
22 did.

✓ 23 While I ^{was} [REDACTED] I had reviewed [REDACTED]
24 [REDACTED] position, you know, what is [REDACTED] position,
25 and it was very clear that only, as I have said, planes

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1 controlled by the FDN, FDN contractor or owned airplanes
2 could make that [REDACTED] hop.

3 And both Ambassador [REDACTED] and [REDACTED] were
4 very firm on that point. They said, "If you deviate from
5 this at all, if there is any deviation, we will get back into
6 the same brouhaha, and they will close down the flights
7 immediately. And make sure they understand that because they
8 don't believe NHAO can run this thing."

9 So, I flew over to [REDACTED]

10 [REDACTED] and I landed there. Our
11 [REDACTED]
12 met and [REDACTED] they were both jumping up and down,
13 because they knew the rules, too.

14 They said, "There is a big C-130 over there
15 loading up over there." And I said, "What? Where is it
16 going?"

17 And they said, "It is going to take it to
18 [REDACTED] They said, "No, it's not. If it goes there it
19 destroys the whole procedure."

20 And I said, "Let me see it." So, we drove over and
21 looked at it, and there it was, the SAT C-130. I walked
22 up to somebody -- and to this day I don't know who it
23 was -- and I said, "Where is that going?" And they said,
24 "It is loading those supplies to go to [REDACTED]"
25

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1 And I said, "Who told you to do it?"

2 "Felix."

3 And I said, "Where is Felix?"

4 They said, "He is in his hooch." And there were
a bunch of people ~~around~~ ^{millions} around the warehouse, loading this
6 airplane up.

7 Q What was it being loaded with?

8 A I don't know. I never looked at the cargo, but
9 it was boxes, not ammunition boxes. Soft boxes, cardboard
10 boxes. You can tell an ammunition box from another box.

11 Q So you can't say what was in it, but you know
12 it wasn't ammunition.

13 A It wasn't ammunition boxes. They are all wooden
14 boxes.

15 These were cardboard boxes. Looked to me like it
16 was software, uniforms and quartermaster and such. I didn't
17 walk into the airplane. I just looked at it and watched
18 what was on a truck ready to go up the ramp. I went in,
19 introduced myself to Felix.

20 This is the one and only time I have ever met
21 Felix. I shook his hand, said, "Hello," told him who I was,
22 [REDACTED] Chief of the Central American Task Force.

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1 "Where is that C-13 going?" [REDACTED]
 2 "Who told you to lead it?" He said, "Ollie." I said,
 3 "It can't go." I'm not sure. Correct that. I said,
 4 "It can't go to [REDACTED]" and I said, "you just can't send
 5 it."

6 He said, "Well, Ollie told me to send it."
 7 And I said, "Well, let's call Ollie." So he picked up
 8 the telephone and dialed Ollie's phone number. He said a
 ✓ 9 few words to Ollie, and I picked up the telephone. And
 10 I said, "Ollie, that god-damn airplane can't go. If
 11 you do it, it is going to bounce the whole agreement. It
 12 just can't go."

13 And Ollie said, "Okay, give me Felix."
 14 And I gave it back to Felix, and the airplane turned
 ✓ 15 around and went back. And I reiterated the ground rules to
 16 Felix and met with the [REDACTED] told him about the incident,
 17 told him about the ground rules, reinforced the [REDACTED]
 18 [REDACTED] that we were not to be involved, and told the
 ✓ 19 [REDACTED] ^{that that} our role was to be, and left.

✓ 20 The next morning I left, I believe, and I came
 21 back and told Admiral Duemling about it and to this day
 22 I do not know how that C-130 got down there or why it
 23 got down there or what it was doing. I only know -- that
 24 was the specific actions I did to keep the agreement
 25 from being imperiled.

Q You would agree with me that you knew that
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1 at that point that Ollie North was controlling this
2 operation?

3 A I knew at that point that Ollie North was
4 probably involved in it, yes; and that Felix would
5 respond or would talk to Ollie, and I knew he wouldn't
6 listen to me.

7 Q He wouldn't listen to you, but he would listen
8 to Ollie.

9 A He didn't like me. I was CIA.
10 MR. BARBADORO: Off the record.

11 (Discussion held off the record.)

12 BY MR. BARBADORO:

13 Q Back on the record.

14 When did you learn that missions were being
15 flown from [REDACTED] to ^{resupply} ~~resupply~~ Southern Front troops?

16 A March maybe.

17 Q How did you learn that?

18 A Reporting from [REDACTED]

19 Q Do you recall getting requests from [REDACTED]
20 for flight vector information, weather reports, intelligence
21 for southern flights.

22 A Yes.

23 Q Is that how you would have learned when you
24 got that information or request for flight vector informa-
25 tion for the flight?

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1 A Either that or maybe a report that a drop took
2 place, one of the two.

3 Q When you got those requests from [REDACTED]
4 [REDACTED] what did you understand his role to be in
5 the operation?

6 A I understood his role to be one of passing that
7 information on to someone in the Southern Front set-up. By
8 that time we were setting up the Southern Front communications
9 center and either getting it to the FDN or getting it to
10 the private benefactors for delivery. But -- or passing
11 so they could coordinate operations.

12 Q So he was, as you understood it, merely
13 receiving the information passing it on to somebody
14 there [REDACTED] who would then relay it to the
15 right people.

16 A Or passing it, yes, passing it on, essentially,
17 yes.

18 Q When you learned that these flights were going
19 to the southern front, how did you understand they were
20 able to make the flight direct from [REDACTED] and back
21 without stopping?

22 A I thought they were C-123 K's with extended
23 range capability. The C-123 K can make that range.

24 Q And the flight vector would have been for a
25 plane of that type that would make a round trip without

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1 stopping.

2 A Yes.

3 Q You didn't have any idea they were using an
4 air field ⁱⁿ [REDACTED] as a place to refuel.

5 A I still don't think they did. I had no reason
6 to think that the air ^{field} [REDACTED] was operational
7 and that they were making stops and staging out of there.

8 Q Did you have any idea that your [REDACTED]
9 [REDACTED] on at least two occasions arranged for the
10 planes to refuel [REDACTED]?

11 A No -- my [REDACTED] arranged for it?

12 Q Yes.

13 A No.

14 Q Did you know that they stopped to refuel at
15 [REDACTED]?

16 A I heard one time that they stopped to refuel
17 there and I thought that what I had heard -- I heard
18 this subsequent to that, just recently as a matter of
19 fact, that the DAO, someone at the DAO's office arranged
20 for their being refueled.

21 Q What is DAO?

22 A Defense Attache Office. But I did -- you
23 just told me for the first time that our [REDACTED]
24 [REDACTED] made that arrangement. I did not know that.

25 MR. BARBADORO: Let me have this marked as

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Exhibit 9, a cable dated 11 April 1986, regarding night flight by NAHO L-100, CIIN Number 2008, and as

Exhibit 10, a cable dated 12 April 1986, subject ~~Supply~~ flight aircraft, CIIN Number 1710.

(The documents referred to were marked for identification as

Exhibit Numbers 9 and 10, respectively.)

MS. MCGINN: That should be Exhibit 10.

MR. BARBADORO: Exhibit 10, yes. It has been a busy couple weeks.

BY MR. BARBADORO:

Q Exhibit 9 and 10 describe an L-100 re-supply flight that arrived on April 9 and then left on April 10 and apparently made a drop to the Southern Front of lethal assistance.

Having read these cables, do you remember receiving them?

A No. But that doesn't -- I received cables a month, and I just don't remember those two.

Q Having read the cables, do you remember the flight?

A I remember -- now I know from after the fact that an L-100 or I have seen after the fact that -- allegations that L-100 went in there, but I don't remember having read

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1 those or remembering that specific flight at that point
2 in time.

✓ 3 Q Would that have been a ^{SAT Co.} ~~SATCO~~ plane?

4 A I have no way of knowing, no.

5 Q Do you recall that the L-100 made a lethal drop
✓ 6 to Southern Front?

7 A I recall reading some place that L-100 did
✓ 8 make a drop to the Southern Front.

9 Q Okay.

10 A I don't recall where I recall that from.

✓ 11 Q [REDACTED] and [REDACTED] and [REDACTED] are Southern
✓ 12 Front commanders?

✓ 13 A All Southern Front commanders.

14 Q Did you have any knowledge of this flight
15 prior to the time that it left?

16 A No.

17 Q Did you ever discuss this flight with Oliver
18 North prior to the time it left?

19 A No.

20 MR. BARBADORO: I would like to mark as [REDACTED]
21 11, a CL-43 message from Ollie North using his alias,
22 Goode, to, I believe Richard Secord. In any event it is
23 a message obtained from STGI.

24 (The document referred to,
25 was marked for identification as

[REDACTED] Exhibit Number 11.)

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1 THE WITNESS: I don't recall ever discussing
2 that with Ollie North.

3 MS. MCGINN. I haven't finished with that.

4 THE WITNESS: What is the date of that, may
5 I ask?

6 MR. BARBADORO: It doesn't have a date. By
7 context it would be before the flight.

8 THE WITNESS: I have no recollection of having
9 discussed that with Ollie North.

10 BY MR. BARBADORO:

11 Q [REDACTED] would you agree with me that this
12 Exhibit 11 appears to describe the L-100 flight which
13 we know from --

14 A May I see it again?

15 Q -- that we know from [REDACTED] 9 and 10 we know
16 made the drop on or about April 10, 1986.

17 A It could describe that, yes. It looks like
18 it does.

19 Q Would you also agree that the message says
20 that [REDACTED] has approved the proposed flight?

21 A That is what it says; but as I said, I have
22 no recollection of ever having discussed it. And it
23 was not within my ~~authority~~ to have approved such a flight;
24 and I wouldn't have done that.

25 Q Let's be clear. Are you saying you did not

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1 approve this flight prior to the time it left?

2 A What I am saying is I don't recall ever having
3 discussed that flight with Ollie North. I don't recall
4 having sort of said I approve that flight. It was not in
✓ 5 my purview to have approved that; and given my posture and
6 the way I dealt with all this stuff, the very most I
7 would have done is listened. And I don't recall even
8 having listened. I don't recall talking with Ollie
✓ 9 North about an L-100 flight going into the Southern
✓ 10 Front.

✓ 11 Q Did you approve any of the Southern Front
✓ 12 ~~resupply~~ flights prior to the time they left.

✓ 13 A Did I approve? No, as I said, I was proscribed
✓ 14 from being involved in those things; and it was not mine
✓ 15 to approve. A And I wouldn't say, "Drop to [REDACTED]" or
16 this or that. I would not do that. That would have been
17 a clear violation of the law.

18 To do so would have been folly of the first
19 order. I did not approve those flights.

20 Q You agree with me that that message says that
21 [REDACTED] has approved?

22 A I agree with you what the message says, but
23 I also know there are other things that I am alleged to
24 have done in Ollie North's messages that I didn't do.
✓ 25 There is also the ~~PRSE~~ note where --

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1 Q Go ahead.

2 A There is the ~~prof~~ note which I have read in
3 which I am alleged to have done something with regard to
4 telling him to buy food. That I didn't do.

5 MR. BARBADORO: Off the record.

6 (Discussion held off the record.)

7 BY MR. BARBADORO:

8 Q Back on the record.

9 Oliver North made a trip to [REDACTED] on or
10 about April 20, 1986 with Richard Secord. Do you know
11 he made that trip?

12 A No.

13 Q You were not down there at that time?

14 A No, not with them, and I don't know what my
15 travel record is; but I was not with them on that trip.

16 Q Do you recall in cable traffic the meeting
17 is described as a meeting with U.S. officials and
18 officials from the FDN [REDACTED] was at the meeting, and
19 other FDN officials.

20 Do you recall that meeting at all?

21 A I recall sometime in the spring of the year
22 [REDACTED] ing [REDACTED], but I couldn't put a date
23 and time to it without reviewing extensive records.

24 Q You were not at that meeting?

25 A I was not at that meeting, nor were any other

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1 CIA personnel that I am aware of.

2 Q When did you become aware that there was a
3 problem with [REDACTED] regarding his relationship
4 with the private benefactors?

5 A March 1986 and when [REDACTED] when we discussed
6 it [REDACTED] was when I knew that there was a problem.

7 Q What did you understand the problem to be?

8 A Direct contact with the -- passing information
9 directly to private benefactors.

10 Q Did you know how he was passing the
11 information directly?

12 A No.

13 Q What was it about his role that was troublesome?

14 A Well [REDACTED] took the lead in that
15 discussion somewhat as I think I have testified, and that
16 surprised me in the way he came on in the discussion.
17 As this unfolded, what was troublesome was it became
18 clear that [REDACTED] was passing information directly to the
19 private benefactors and that was something that we were
20 not to do.

21 Q If he had merely received the flight vector
22 information and passed it on to the contra leaders in
23 [REDACTED] by giving them the message, that wouldn't have
24 been a problem.

25 A That wouldn't have caused me a problem, no.

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1 It was a direct contact and direct association, not so
2 much that we thought it was illegal. We thought we were
3 putting ourselves in harm's way much the same way I backed
4 away from Dick Gadd and much the same way we backed away
5 from all these people. We knew that this was, as I have
6 said, I knew that this was potential dynamite and that we,
7 CIA, wanted to stand clear of this thing and stay within
8 the boundaries of propriety and not get involved.

9 We felt that that direct contact was, and
10 passing information was too close, too much involvement
11 and laid ourselves open to either criticism politically,
12 which is what we were most concerned about, or worse.

13 So therefore we once again reiterated, and
14 as I said, [REDACTED] took the lead and that surprised
15 me in laying down very clear instructions that all [REDACTED]

16 [REDACTED] I think, understood.

17 Q When did you learn that [REDACTED] had a secure
18 communications device he was using to communicate with
19 the private benefactors in the Southern Front?

20 A Octoberish, late October when this whole
21 issue became-- when we started to investigate the issue --
22 let me back away from that. We went down to a trip with
23 Elliott Abrams sometime in October, right after the law had
24 passed, and we made one of our swings down to say, and
25 now this is what we are going to do, and we stopped in

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1 each country and made our briefings. [REDACTED] told me that
 2 he had had these contacts and these phone calls had taken
 3 place, and they were likely to break in the newspaper.
 4 ^{Ambassador}
~~Admiral~~ Tambs told me the same thing. I came
 5 back and reported those and shortly thereafter our
 6 compliance officer, [REDACTED] went to [REDACTED] and --
 7 went to [REDACTED] I guess, it was, and debriefed [REDACTED]
 8 and came back and said [REDACTED] had this communications
 9 device. That was the first point in time that I had
 10 heard about it.

11 Q Okay.

12 A That I recall hearing about it, and I think
 13 I have a pretty clear recollection of that on that case.

14 Q Did you ever give aerial photos to North to
 15 pass on to the contras?

16 A Did I?

17 Q Yes, in 1984.

18 A Aerial photos? In 1984?

19 Q Yes. How about specifically concerning
 20 some [REDACTED] that the Sandinistas were acquiring
 21 or were using?

22 A No, I don't think I did. I don't recall doing
 23 it, and I don't think I would have.

24 Q Did you ever provide North with ^{maps} ~~maps~~ or order
 25 of battle information, something like that, to give to the
 contras?

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1 A Certainly not before the law changed in December
2 1986 and I don't recall doing it after that point in time.
3 He made some requests, but I don't recall giving --
4 as a matter of fact, I know a couple times I didn't.

5 Q Rob Owens says that in 1984 he was given
6 photographs of-- aerial photographs of [REDACTED]
7 to carry to Calero, and he understood they came from you.

8 Do you know why he would have gotten those
9 photographs if he didn't get them from you?

10 A Anyone of a number of places but I don't know
11 where.

12 Q We have gotten them from the agency?

13 A Probably could have gotten them from the
14 agents. Could have gotten them from the DOD, too. They
15 would have contact with him. I can tell you categorically
16 I did not give him those photographs in 1984.

17 Q Do you recall giving some maps to North to
18 be brought to the contras in March of 1985?

19 A No, and I wouldn't have done it in March of
20 1985 because the Boland restrictions were still in place.
21 I would have found a way not to comply with a request like
22 that if I was given one.

23 Q Do you recall giving any maps at any time to
24 North to be brought down to the contras, maps that were
25 too large to be carried on a commercial flight?

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1 A No. God, no. Absolutely not.

2 Q Do you have any idea what I am talking about?

3 A No. Throw out your exhibit and let's look
4 at it.

5 Big maps?

6 Q I'm sorry, I don't have the first interviews
7 of Robert Owen. I have the second. I will just quote
8 a passage from it.

9 On the map story of March 1985, previously
10 summarized, Owen said [REDACTED] had prepared the maps
11 which he was supposed to take to the FDN. At first,
12 however, the maps he gave would be too large to carry on
13 commercial flights, and they had to have them redone."

14 Do you know what he was talking about?

15 A No, and in 1985 we had hard core Boland
16 restrictions and we would not have prepared maps to give
17 to the FDN, because we were prohibited from providing
18 any intelligence. I would not have done that kind of
19 task.

20 Q You didn't do it at that time?

21 A No.

22 Q Do you recall doing it later?

23 A Intelligence maps for the FDN? We provided a
24 lot of intelligence of 1985, but I don't recall preparing
25 a big map and that kind of stuff.

Q Did you provide maps to the North to give

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1 to them?

2 A North asked me one time as I -- at some time
3 for air defense information, jumping up and down, and I
4 don't think I gave it to him, but this would have been
5 in the spring of 1986. I don't think I gave it to him,
6 but he was particularly forceful at that point in time.

7 And I don't think I did, but there is a possibility I might
8 have. But on the other hand, that I didn't.

9 He would ask for intelligence, and I would
10 back away from it. Now there is -- he could have
11 gotten a lot of other intelligence in his role as director
12 of Central American Affairs for NSC. It was entirely
13 possible I provided briefing boards for the President
14 or for Poindexter or McFarlane, because he would ask for
15 them and I don't recall specifically doing it, but
16 where I would have done a briefing he would say, "Give
17 me that. I want to use it for briefing," this or that or
18 the other thing, and I may have given it to him.

19 But, "Would you take that down and give it to
20 the contras or the FDN for me," that is not how we do
21 business, and it is also against the clear instructions
22 in the prohibition.

23 Q North asked you for intelligence information at
24 a couple points that you didn't give him.

25 A A couple points in time I backed away from it,
yes.

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1 Q Did he say it was for the contras?

2 A No, it was for the NSC, but I didn't give it to
3 him because I didn't like the feel of it.

4 Q You went to a meeting in Don Gregg's office in
5 August with, among other people, Michael Abrams.

6 A I don't think Abrams was there.

✓ 7 Q You don't think Abrams was there?

8 A No.

9 Q When did that meeting take place?

10 A Sometime in August of 1985.

✓ 11 Q ^{About} ~~about~~ the 14th of August?

12 A The date is around the 14th of August. I
13 don't remember the exact date.

14 Q Who asked you to come to the meeting?

15 A Don Gregg.

16 Q Did he say why?

17 A To discuss if he likes Rodriguez and problems and
18 such.

19 Q Did anyone else from -- was anyone else from
20 CIA asked to go?

21 A No, just me.

22 Q Who else do you remember being at the meeting?

23 A Bill Walker. Admiral Core, I think. Ray
✓ 24 ^{Burghardt} ~~Burghardt~~, myself, Bob Earl, ^{Sam} ~~Sam~~ Watson, and Don Gregg.

25 I am vague on whether or not Colonel Steele was there. I

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1 just can't remember. Vaguely I remember he was, but I
2 would never put my hand up and swear to that. I don't
3 think Elliott Abrams was there.

4 Q I think you are right. I quoted from the
5 wrong list.

6 A I don't think Jim Michael was there, although
7 he could have been. Bill Walker was the senior state
8 representative at that meeting, I think.

9 MS. MCGINN: Was that 1985 or 1986?

10 THE WITNESS: 1986.

11 MS. MCGINN: I think you said 1985.

12 BY MR. BARBADORO:

13 Q How long did that meeting last?

14 A I can't -- half an hour. I don't know, 45
15 minutes. Wasn't a long meeting, as I recall.

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1 Q And what happened at the meeting?

2 A The thrust of the meeting was two-fold. Some of
3 this I recall now after reading over accounts of it. The
4 part of the meeting that I remember was I was getting beat
5 up severely by Don Gregg about the negative agency
6 attitude about Maximo Gomez, Felix Rodriguez, who was really
7 a good guy and not a bad guy and who had the best interests
8 of the U.S. Government at heart and so on. And he really
9 didn't understand why I didn't love him and that we should
10 understand that he was a decent person.

11 And they went into great lengths to convince me
12 that he was -- he, Felix Rodriguez -- was okay.

13 Then there was a long discussion about the
14 aircraft [REDACTED] and that Felix was afraid that they
15 would be stolen by disreputable characters. My recollection
16 of that has been significantly refreshed by reading things
17 in the newspaper subsequent to the meeting.

18 I didn't really recall that other meeting, but
19 I do now.

20 Q Who was the disreputable characters that were
21 discussed?

22 A He didn't go into great detail on that. He didn't
23 name names, as I recall. I remember at that point being
24 once again distinctly nervous -- not nervous, but just
25 uncomfortable being there. I didn't like the way the

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1 discussion was going. It was obvious that they were leaning
2 in on me to make some declaration about what we were going
3 to do with these airplanes when the program came back on
4 line, because at that time it was clear we were going to have

5 [REDACTED]
6 Q Prior to that point, had North come to you and
7 asked you to purchase the aircraft?

8 A Yes.

9 Q When did he come and ask you to purchase the
10 aircraft?

11 A July-ish.

12 Q What did he tell you about the aircraft?

13 A He just said, "Why don't you purchase these
14 airplanes? They are there, working. They are good
15 airplanes. Could you buy them for -- would you be willing
16 to buy them? Why don't you buy them?"

17 I told him, "Ollie, they are hot cargo. First,
18 they are bad airplanes, junk buckets."

19 Q You knew they were in terrible condition.

20 A I knew from way back with our discussions with
21 Dick Gadd that the C-7 was a bad airplane. We knew
22 technically it is a bad airplane.

23 We know they are old. We know that to maintain
24 them is difficult. They are gas hogs. They are not
25 reliable, blah, blah, and [REDACTED] told me a long time

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1 back in this operation we want good equipment. He was the
2 fellow that was one of my advisors. So we had made a
3 decision in May what kind of airplanes to fly.

4 And I told Ollie, "No, they are hot cargo, they
5 are bad airplanes, and I am not going to buy them."

6 Q Did he offer to sell you the air strip, too?

7 A The air strip in [REDACTED]

8 Q In [REDACTED]

9 A No, because at that time we never -- at that time
10 the thing was shut down and [REDACTED] had said
11 you can't use it, [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 Q Did he discuss a price for the airplanes?

18 A No, I don't remember a price on the airplanes.

19 I can't say yes or no, because I have read so much subsequent
20 to that.

21 I just remember him asking us to buy the airplanes.

22 Q Did he tell you who would be selling the
23 airplanes?

24 A No.

25 Q Did he tell you how he had come to be authorized

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1 to offer them for sale?

2 A No, he said, "Why don't you buy them from the
3 private benefactors? It would be a good thing, and then you
4 could have [REDACTED]"

5 I think what he really wanted for us to do was pick
6 up the whole thing, kit and caboodle.

7 Q At that point, did you know that Secord was
8 connected with the private benefactor operation?

9 A By that time I had developed an understanding
10 that Secord was around it, but I don't think it really
11 crystallized even at that point that Secord was the private
12 benefactor.

13 But I knew that -- I knew he was around it. If
14 you recall, there was an announcement or a publication,
15 I think, prior to that or around that time on television
16 that Secord was involved in the sale of the Maule aircraft
17 and so on and so forth, and either right in that time frame --
18 either before it or shortly after it, I began to develop
19 an understanding that Secord was really -- had his footprint
20 on the middle of this thing.

21 But I didn't really know the extent and depth of it
22 until things started to unfold in the fall of the year.

23 Q Let's go back to the meeting in Gregg's office.
24 Was there any discussion about the fact that
25 this -- that Felix had been charged with air piracy for

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stealing one of the aircraft and the [REDACTED] was upset about the way Felix was being treated and that the whole operation was in danger?

A There were discussions about Felix having tremendous friction with the people running the airplanes. [REDACTED] being upset, thinking that the airplanes were going to be stolen or taken away and they would not be available to support the resistance.

✓ 9 The air piracy thing I don't remember specifically. 10 but I remember there was a lot of discussion about the 11 friction, the tension, the bad guys, Don Gregg warning 12 us -- Don Gregg has told me subsequently again. And I had 13 forgotten this, and he says -- he said it, so I believe 14 it -- warning me not to buy the airplanes. And I told him, 15 "Don't worry, we are not going to buy them anyway. They 16 are hot cargo," blah, blah, we won't touch them.

17 Then I remember walking out of that meeting and 18 rolling my eyes, saying that that was the wrong meeting 19 to be at.

20 Q Did Don Gregg mention Ollie North's relationship 21 to these private benefactors in this meeting?

22 A The clearest recollection I have of Ollie North 23 out of that meeting was Bob Earl saying, "Ollie North 24 should be here. Ollie should be at this meeting," a 25 I-really-don't-know-what-to-say kind of thing.

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1 Q Did Gregg mention Ollie North's connection with
2 these people in any way?

3 A I don't recall him specifically mentioning
4 Ollie North's connection with these people. I remember
5 him looking -- I remember him and Bob Earl talking about
6 Ollie and saying -- I don't know, really -- Ollie should be
7 here to answer the questions.

8 I remember when Ollie came back he was upset that
9 the meeting had taken place.

10 Q You remember -- you were told at least that Don
11 Gregg -- you do remember that you were told -- Don Gregg
12 said to you, "Don't buy the aircraft."

13 A Yes, and I don't doubt that he said something like
14 that.

15 Q What other decisions were made or discussed about
16 how to deal with this problem?

17 A There were no decisions made. Everybody was
18 terribly reticent at the meeting. I remember Bill Walker,
19 Ray Burghardt, and myself were backing away from this thing,
20 saying, "Yes, yes, yes. Ambassador Jore was -- they are
21 talking in terms of the importance of the Felix Rodriguez
22 [REDACTED] connection and that that is an important thing,
✓ 23 and you can't try to break that. They are padres," and
24 so forth and so on.

25 The only two things that I can remember that were

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1 decision-ish was that we would sort of not trash Felix,
2 that we would just try to -- try to get along with him,
3 and we had taken that decision.

4 And second was I said, "We are not going to buy
5 those private benefactor airplanes for these reasons. Don't
6 worry about it." That sort of closed down that area of
7 concern, as best I can recall.

8 Q Now, you have said that when you walked out of
9 the meeting you said to yourself, "This is a meeting you
10 shouldn't have been at."

11 A Would rather not have been at.

12 Q Would rather not have been at. And you can recall
13 everybody trying, or most everybody trying to back away
14 from it.

15 A Yes.

16 Q Was it your feeling that things were being
17 discussed at this meeting that you didn't want to know or
18 that it was possible that things would be discussed that you
19 didn't want to know?

20 A It was possible. I think my recollection was there
21 were things being discussed there that I was not interested
✓22 in knowing, yes, or being involved with or being around;
23 and I just wanted to be away.

24 Q You knew it was dangerous if you heard things
25 about Ollie North's connection with this group, right?

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1 A I knew that I -- I knew from the very beginning
2 of my time in the task force that I wanted to stay away
3 from harm's way and backed away from things that were, in
4 my view, controversial either politically or questionable
5 legally; and my tack was to play a passive role, to not
6 seek things out and look the other way.

7 Q Why were you so concerned about looking the other
8 way at this meeting?

9 A Well, because there was discussion of -- they were
10 discussing the private benefactors. They were discussing
11 Felix's role with the private benefactors and sort of
12 indicating to me that they wanted to really come to grips
13 down to the nuts and bolts of that operation.

14 Q Weren't you concerned that when you got to the
15 bottom of it there would be a U.S. Government connection
16 to the private benefactors and that raised a question of
17 illegality and you didn't want to know that?

18 A There was a concern that I didn't want to be in
19 that meeting, because I didn't know where it was going.
20 And I wanted to back away. You know from most of your
21 fact gathering and from my testimony that that is what we did
22 at the agency consistently. Whenever we were someplace we
23 felt uncomfortable we backed away.

24 Q But let's be clear. You knew Ollie North was just
25 as close as could be to this operation, and you didn't want

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✓ 1 to have anybody tell you that directly, so you wanted to get
2 out of that meeting as fast as you could, right?

3 A I didn't want to discuss it. And I wanted to
4 get out, be out of that meeting so that I was not in that
5 situation where we were discussing the inner workings of
6 what was going on.

7 Q But be frank. The reason you didn't want
8 to discuss it is because you knew of Ollie North's connection
9 and you didn't want to have anybody confront you with it?

10 MS. MCGINN: Objection to the form.

✓ 11 You have asked that a number of times. And you know
12 you are fishing for an answer, but he gave you an answer.

13 BY MR. BARBADORO:

14 Q Give me an answer.

15 A I will give you an answer.

16 Our policy -- I think the U.S. Government policy,
17 the agency policy -- was one of keeping ourselves legal,
18 not getting involved with the private benefactors, and not
19 interfering with their operations and looking the other way,
20 not probing it, not interfering with it, and not
21 supporting it.

22 And I was keeping -- I was staying -- I felt that
23 that meeting put me in a place where I was being pulled
24 beyond where that policy took me, and I didn't want to be
25 involved in it. And I didn't want to be involved in a

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1 discussion of what Ollie North or anybody else -- Felix
2 Rodriguez -- may be or may not be doing. I didn't want to
3 be involved in that. I wanted to stay out of it.

4 Q If there were no U.S. Government connection to
5 what Felix Rodriguez were doing there would be no problem
6 for you knowing about it; isn't that right?

7 A If there were no U.S. Government involvement --
8 that is right, yes.

9 Q The problem you were worried about was the possible
10 U.S. Government connection, right?

11 A The problem I was worried about was the unknown,
12 where the money was coming from, and getting involved in
13 what may be a private benefactor operation that related
14 back into the unknown that I didn't want to be associated
15 with; because I was still dealing under restrictions,
16 restrictions saying that I could not be involved in providing
17 support to the contras outside a very narrowly defined
18 thing.

19 Q But your knowing about it wasn't providing support.

20 A That is right, but I didn't want to know about
21 it. And that is, you look through the testimony from October
22 of 1986 after the C-123 crashed in southern Nicaragua, in
23 testimony in front of the Senate Foreign Relations
24 Committee. That is exactly what we said. We remained in the
25 status of willful ignorance on this.

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1 Q You knew that Ollie North had a pre-existing
2 relationship with Max Gomez, right?

3 A Yes.

4 Q You knew that he had a relationship at least to
5 the extent that he was supporting Gadd's effort to get a
6 NHAO contract.

7 A I knew he was arguing in favor of Gadd -- was
8 a proponent.

9 Q You knew in February of 1986 that Ollie North
10 was in a position of controlling the disposition of these
11 flights.

12 A Not controlling. I knew that he was in a
13 position of influencing them, and that Felix listened to him
14 and wouldn't listen to me.

15 Q You knew Ollie had pictures of the private air
16 strip?

17 A Yes.

18 Q And you knew Ollie discussed the air strip on
19 several occasions?

20 A Yes.

21 Q Isn't it true that you knew that Ollie North's
22 fingerprints were all over this private benefactor
23 operation and the reason that you didn't want to be at that
24 meeting was you were afraid somebody might say it?

25 A I knew from I think when we start back into

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1 November of -- early December-January of 1985 that Ollie
2 North was deeply involved in the program for arranging
3 private support to the resistance forces.

4 I have said that from the beginning, from the time
5 we began this thing. I did not know the details of how
6 Ollie did that. I didn't seek the details of how Ollie
7 did that. I didn't know whether or not he was directly
8 involved in the management.

9 As time came along and as I -- as this developed,
10 I developed more of an understanding of Ollie being in the
11 center of this thing. I still didn't understand the details
12 of it, but I knew that he could influence it.

13 I knew that he could affect it. I knew he knew
14 what was going on, and I knew he knew the details. And
15 I took a position that I didn't want to know the details,
16 and even on a couple occasions Ollie said, [REDACTED] you don't
17 want to know."

18 I said, "You're right, I don't want to know."
19 And I didn't want to know. I felt this meeting put me in
20 a position where I might hear things I didn't want to
21 hear.

22 Q We have reached --

23 A I said to myself, wrong meeting, wrong time, wrong
24 person. I shouldn't be here.

25 MR. BARBADORO: We have reached a time where

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1 I have to break if I am going to make my flight.

2 I would represent to you that I have very few
3 questions. I would imagine that the people from the House
4 would have a few, and I would think maybe another hour or
5 two, if we can schedule it sometime when you got back from
6 your trip, we can finish it.

7 If there is nothing else, we can adjourn the
8 deposition until a time we can agree to reschedule it.

9 (Whereupon, at 2:37 p.m., the deposition was
10 adjourned.)

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C/CAT F

9/21/87

Christian Kellner

Monday, May 11, 1987

Select Committee to Investigate

Covert Arms Transactions with Iran,

U. S. House of Representatives,

Washington; D. C.

Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

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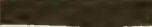
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Monday, May 11, 1987

Select Committee to Investigate

Covert Arms Transactions with Iran,

U. S. House of Representatives,

Washington, D. C.

The select committee met, pursuant to call, at 9:00 a.m., in Room H-139, The Capitol, with W. Neil Eggleston (Deputy Chief Counsel of the House Select Committee) presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel; Richard H. Giza, Professional Staff Member; Tim Traylor, Investigator; and Robert W. Genzman, Minority Counsel, on behalf of the House Select Committee on Covert Arms Transactions with Iran.

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1 MR. EGGLESTON: [REDACTED] as you know by now,
2 my name is ^{Neil} ~~Neil~~ Eggleston, Deputy Chief Counsel to the House
3 Select Committee.

4 This is a continuation of the deposition that you
5 began a week ago last Friday, and we appreciate your coming
6 back. It is really at my request that you come back, and
7 I appreciate your cooperating with us.

8 I just have a few questions that I was unable to
9 ask at that time, because I was not available. Some of them
10 are follow-ups on questions that you were asked at the time,
11 and some are slightly in different areas.

12 I don't anticipate this will take very long at all.
13 I think when I am done, Mr. Giza, an associate staff member
14 of the Select Committee, and is also a staff member of the
15 House Intelligence Committee, may also have some questions
16 for you.

17 Whereupon,

18 [REDACTED]
19 was called as a witness and, having been previously duly
20 sworn, was examined and testified as follows:

21 EXAMINATION

22 BY MR. EGGLESTON:

23 Q [REDACTED] you were asked last time, 10 days ago,
24 about whether or not you had had any communications with
25 Colonel North in November 1984, in or about November 1984,

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1 about some -- I guess they are Hind helicopters that at that
2 time had been transferred or had been introduced into
3 Nicaragua.

4 Do you recall, first, being asked any questions
5 about that last time?

6 A No, I don't recall any questions like that being
7 asked about that last time.

8 Q Whether you were or not, I have some questions
9 about it.

10 Do you recall that in November or so, the fall of
11 1984, there came a time when the agency learned that Hind
12 helicopters had been shipped into [REDACTED]

13 [REDACTED] Nicaragua?

14 A Yes, I remember the incident very clearly, and
15 I think with counsel's indulgence, the best way to set the
16 ground work is to lay out the scenario.

17 Q I was just going to ask you to lay out the
18 scenario.

19 A In late October or thereabouts, in 1984
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 [REDACTED]
2 [REDACTED]
3 There was considerable concern in the Administra-
4 tion at that point in time that [REDACTED] was delivering
5 MIG-21s [REDACTED] because,
6 you know, MIG-21 is a high performance aircraft, is one of
7 the markers that the Administration has laid down. If the
8 Nicaraguans do that, it precipitates at least the threat
9 of certain actions.

10 [REDACTED]
11 [REDACTED] there was an
12 interagency group meeting, I remember very well; because
13 it was on election evening, 4 November. I was supposed to
14 go off to sort of an election evening party with my wife,
15 and they called an interagency group meeting at the State
16 Department, and Tony Motlette chaired it.

17 I was there from the CIA. There were people from
18 DOD, other State -- Oliver North was there. And general
19 discussion was whether or not MIG-21s were coming, what we
20 would do about it, what reactions could be done, and so on
21 and on, so forth.

22 Among those discussions, as I recall them, there
23 was some discussion about if MIG-21s come, are coming, even,
24 then what? What actions do we have? And are the CIA
25 contingency plans that were laid out in the past, which

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1 I learned of at that meeting, still valid, which called for

2 [REDACTED] And I explained
3 to them that is not within the law of feasibility, because
4 we were barred from [REDACTED]

5 [REDACTED]
6 That meeting broke up, and several days later --

7 I don't remember the exact time [REDACTED]
8 [REDACTED] had delivered
9 what we thought were Hind 24-D helicopters.

10 [REDACTED]
11 [REDACTED] It would have been some
12 time later in November.

13 And there was a lot of discussion then about what
14 to do about Hinds, because it slipped in between the crack.
15 It was a high performance, sophisticated system, but it
16 wasn't a jet aircraft, and it didn't hit the markers.

17 And there was a lot of discussion about what the
18 Hind does, how it impacts on the balance of forces between
19 the Sandinistas and the resistance, and its performance
20 capabilities.

21 And there may have been -- I don't recall
22 specifically -- there may have been some discussion about
23 what, if anything, could be done to take Hinds out; but it
24 was very clear from that point that the agency's position
25 was we couldn't do anything, that our hands were tied, and,

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1 therefore, the previous scenarios that we had discussed
2 were -- had really worked out, were not, couldn't be further
3 considered.

4 Q Was there any discussion about [REDACTED] the
5 resistance in taking out the Hinds?

6 A Yes, because the resistance --
7 resistance in taking out the Hinds was [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 And one called for the use of -- both called for
13 [REDACTED] and so,
14 therefore, there was a lot of discussion. Specifically,
15 I asked, "That plan there, can it be done?"

16 And the answer to the above was "No, it can't
17 be done."

18 Q I take it what you mean when you say it can't
19 be done is the resistance could do it all by itself.

20 A The resistance didn't have the equipment or the
21 expertise to do it [REDACTED]
22 [REDACTED] to do the job and
23 providing the intelligence.

24 They had [REDACTED] but they didn't have the
25 equipment.

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1 Q So, [REDACTED] they were not
2 really capable logistically of carrying off destruction of
3 the Hinds?

4 A That was our assessment, yes, and that was, in
5 fact, true.

6 Q Do you recall whether around this period of time
7 in connection with this incident any [REDACTED]
8 [REDACTED] maps showing positions were provided to Colonel North?

9 A I don't recall that they were provided, but it is
10 entirely possible. Everybody was jumping around and saying,
11 "We want this; we want that; where is that; where is the
12 other things?"

13 I don't recall giving him any intelligence,
14 saying, "That is where they are," but someone might have.
15 I might even have sort of at some point in time.

16 Q But in any event, if you did or if someone at
17 your direction did, it was clear to you it was not so that
18 that information would be provided to the resistance?

19 A If I gave Colonel North any intelligence or
20 anybody else did at that point in time, it was because of his
21 position in the White House and his position as the NSC focal
22 point for Central America affairs to keep the National
23 Security Advisor and the President sort of briefed on what
24 was going on.

25 And he did have access to, from multiple channels,

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1 all the intelligence on this.

2 Q And then to follow up, so if it was provided, at
3 least at the time -- assuming you did provide this material
4 to Colonel North, it was not your understanding that Colonel
5 North would be providing it to the resistance?

6 A That is exactly right, yes.

7 And I don't recall specifically having provided
8 it to him, saying, "Here it is, Ollie. Take it."

9 Q I understand.

10 Let me just ask about a similar incident about
11 which we have received some information. I just want
12 your recollection, or whatever, of the events in or about
13 March 1985.

14 We have received information from other people,
15 March 1985, there were additional maps provided to Colonel
16 North by people at the agency that reflected Sandinista
17 battle positions, maps and [REDACTED]

18 Again, do you recall whether around that time you
19 or anyone at your direction provided maps to Colonel North?

20 A Let me get this -- March 1985.

21 Q Showing Sandinista battle positions.

22 A Sandinista battle positions. March 1985 would
23 have been when the Sandinistas were preparing for their
24 first attack on Honduras.

25 Q Right.

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1 A The attack actually took place in early May of
2 1985.

3 Let me take the second half of the question first.

4 Q Sure.

5 A 
6 

7 I do not recall providing maps to Colonel North
8 that outlined those positions.

9 There is a possibility, once again, in
10 conjunction with his White House job, because I might have
11 given him some schematics of what was going on -- there was
12 a lot of concern. The director was concerned. We were all
13 concerned about what appeared to be a growing incursion
14 into Honduras. It is possible that he asked for some
15 schematics of those things, but I don't recall having given
16 them to him and certainly didn't give him the kind of
17 specific maps that would allow for tactical intelligence
18 support, at least that I can remember.

19 Q You don't recall, then, if it occurred, an
20 incident where maps were provided to him that were not
21 suitable for travel?

22 A No. I was asked that before, and I don't have
23 any recollection of that.

24 Q I know you were asked that before, but from at
25 least my understanding, I think that was after I had gone,

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1 and from my reading of the transcript there wasn't much
2 connection to it.

3 A I want to say for the record, there were a few
4 times in there -- and I can't put dates and places -- where
5 I was asked for intelligence that I thought might have been
6 bound for the resistance, and I didn't provide it, didn't
7 respond.

8 I can't remember dates and places, but
9 I remember a couple times when I just -- I was very reluctant
10 to provide that kind of stuff.

11 Q Were these questions that you received from
12 Colonel North?

13 A Yes.

14 Q What kinds of stuff? I know you can't remember
15 the dates.

16 A You know, what is this, can you tell me where this
17 is, give me this map.

18 I just didn't want to get involved, because the
19 restrictions were very, very tight on us, and I didn't know
20 what would be done with them, so that was one of the places
21 where I hung back, one of the first instances where I can
22 remember hanging back.

23 Q This would have been the time period between
24 October 1984 to August 1985?

25 A Yes.

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1 Q In the most restricted time period.

2 A Yes.

3 Q Do you have any recollection of what the specifics
4 were that he was asking about?

5 A No, just vague generalities of being asked for
6 things and just sort of going through the mental processes --
7 that is something to brief the White House. or is that
8 something that is beyond that, and if it was beyond it,
9 I just got a little reluctant to do it.

10 See, it is important to know that from almost
11 the beginning in my dealings with Colonel North I applied
12 roughly the same criteria that the law applied to dealing
✓ 13 with the resistance. A ^{gauged} ~~judged~~ my activities within,
14 roughly along the same lines, trying to balance his White
✓ 15 House job, sort of thinking he needs this; but I want to
16 make sure, because I knew he dealt with the resistance, that
17 I wasn't going beyond what I could do with the resistance.

18 Q Did you have any tangible information that he
19 might be -- that he might have provided this material to the
20 resistance if you gave it to him?

21 A No.

22 Q Or is it just a feeling that you had?

23 A No, he was very, very, very close with Adolfo
24 Calero at that point in time. You can say he was the
25 principal contact in the U.S. Government with Adolfo Calero.

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1 I think I testified to that point.

2 Q Yes.

3 A And it was just one of sort of -- that
4 I approached from that point of view.

5 MR. EGGLESTON: Let's hold off for a second.

6 (Discussion off the record.)

7 THE WITNESS: That is my vague recollection,
8 and I just wanted to lay out the way I responded to those
9 things.

10 BY MR. EGGLESTON:

11 Q Let me ask you about another specific event,
12 and just ask you whether you have any recollection of this
13 or whether this is something you had heard about.

14 Again --

15 MR. PEARLINE: Off the record.

16 (Discussion off the record.)

17 BY MR. EGGLESTON:

18 Q I was about to ask you about another incident
19 and ask you whether you had any knowledge of it. It is an
20 incident that we have heard from other people we have talked
21 to.

22 That is that in late March 1986 there was a SAT
23 plane that was involved in a NAHO flight [REDACTED]
24 We have heard that there was a plan for the flight to drop
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1 medical goods at [REDACTED] at that location, to pick up arms,
2 then to take the arms to [REDACTED] where they would be
3 packaged for an air drop. And when the aircraft landed in
4 [REDACTED] there were no arms released from the FDN so
5 they could pick them up and make the drop.

6 We have also heard that various agency officers may
7 have helped, or attempted to help, I guess I should say,
8 in order to get the arms released so that this flight could
9 pick up the arms and make a drop to the Southern Front.

10 Do you have any knowledge of this incident?

11 A Once again, that was touched on peripherally
12 in my testimony last time.

13 Q I think that is right.

14 A So let's take it from there.

15 The KL-43 message said that I approved the flight.
16 That is not true. I don't recall having ever discussed
17 that flight.

18 Certainly, given the posture that I took,
19 I wouldn't have approved it even if someone would have
20 discussed it with me.

21 The second thing it said was that [REDACTED] was
22 keeping things from him -- [REDACTED]

23 [REDACTED] I don't recall any of that.

24 Subsequently, I went back and reviewed all of the
25 record and our files, and it is clear that during that time

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1 frame there was traffic going back and forth about a supply
2 flight to the Southern Front.

3 It didn't make reference to a SAT-C-100 or L-100
4 or talk in specific terms, but it did talk about a private
5 benefactor flight.

6 Q Did you say it did or did not?

7 A It did not talk in specific terms, as I recall,
8 the traffic, about an L-100 and how it was going to work,
9 but it talked about a flight to the south and the fact that
10 the FDN was not being totally supportive.

11 We instructed [REDACTED] to work
12 with -- tell the FDN that they should support that flight,
13 should support that, and that he should press upon the FDN
14 the need -- and we did it in this kind of a way, and I don't
15 have the specific cables in front of me -- but they should
16 impress on the resistance the need to share with the south
17 and to support the south and to do -- meet with the FDN
18 and make it very clear that that was our position.

19 Now, I think that is probably part and parcel to
20 what General Secord was reflecting on in his testimony when
21 he talked about some support [REDACTED]

22 It was, in our view and in the view of our
23 general counsel, permissible under the modified guidelines
24 in the Intelligence Act of 1985 for us to relay that type of
25 information and play that intermediary role.

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1 That is what we did in that particular instance,
2 and [REDACTED] was acting under instructions that
3 we considered to be consistent with the modified guidelines
4 of 1985.

5 But we didn't approve the flight. We didn't
6 get involved, to my knowledge, nor did we instruct anybody
7 to get involved in actually breaking things out or telling
8 specifics of what should be provided, but just saying
9 in a generic sense that you, the FDN, should share what you
10 have and try to assist the south, because it is in your
11 best interests to do so, and try to facilitate communication
12 and cooperation between you two.

13 Q Was it at the time that these instructions were
14 being given to [REDACTED] -- was it
15 clear that it was going to be lethal material that the south
✓ 16 was supposed to break out in order to help out the Southern
✓ 17 Front?

18 A If you look at the traffic, it wouldn't say
19 "lethal material", but we didn't differentiate, and we were
20 telling them to share what they had. And the problem was
21 lethal material, and by inference, that was yes.

22 So, once again, our general counsel has reviewed
23 that law and that law as we interpreted it, and as general
24 counsel interpreted it, did not differentiate between
25 lethal and non-lethal material.

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1 It talked about being able to provide, deal in
2 an advisory capacity, and in a generic context with material
3 of all types and being able to work within a very carefully
4 structured framework on that. And it was that interpretation
5 we were working on at that point in time.

6 So, what I want to put on the record is, if that
7 is the intent and that is the kind of assistance that General
8 Secord was making reference to in his testimony, then that
9 was being done by [REDACTED] with the CIA headquarters'
10 knowledge, specifically.

11 Q Does the cable traffic reflect that [REDACTED]
12 was also involved in attempting to get this material broken
13 out for distribution?

14 A The cable traffic would reflect, as I recall it,
15 [REDACTED] being -- [REDACTED] being involved in the
16 process, yes.

17 Q As of this time, March 1986, you had a compliance
18 officer, or whatever his name was, assigned to the Central
19 American **T**ask **F**orce.

20 A Yes.

21 Q Was that [REDACTED]

22 A It might still have been [REDACTED] at that point
23 in time. [REDACTED] and [REDACTED] both were working there and
24 reviewing the traffic.

25 Q What I was curious about is whether they gave any

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1 advice about this particular --

2 A They would have seen that traffic, and they would
3 have been aware of it, and they would have given me advice
4 if they thought it was a problem.

5 The practice was if I thought it was a problem,
6 I would refer it to them. They ~~read~~ all the traffic and had
7 access to it. If they thought it was a problem, they would
8 bring it to me and say, "That is a problem; you better
9 back away from that."

10 As you review traffic, you can see places where we
11 would come up and come back as we would stay within these
12 parameters, and sometimes I pulled ourselves back, and
13 sometimes the compliance officer pulled me back.

14 Q Did you see the part of the -- I guess you have
15 just mentioned it -- General Secord's testimony where he
16 indicated he had a personal meeting with Director Casey?

17 A I did.

18 Q And I think that he identified that as taking
19 place in about March or so of 1986. I think he was not
20 absolutely specific on whether it was February or March,
21 but at least in that general time frame.

22 Let me ask you first -- were you -- at or about the
23 time this meeting took place -- were you aware that the
24 meeting had taken place?

25 A I was not aware. I previously testified to that.

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1 Q Right.

2 Do you recall whether or not, or did you have any
3 conversations with Director Casey around that time which led
4 you to believe that he had met with Secord or that he
5 wanted the Central American Task Force to provide additional
6 information or help to the contras?

7 A I had no such conversation with Director Casey
8 and had no indication that -- or no pressure from him to
9 modify our operating instructions.

10 Q Anything from Mr. George?

11 A No.

12 Q Or anyone else, I take it?

13 A No.

14 Q There was an incident which took place apparently
15 in March of 1986 -- in or about March of 1986 -- where
16 General Singlaub went to Central America and met with
17 Eden Pastora and concluded an agreement on behalf of the
18 United States Government.

19 Can you tell me -- and you are pretty good
20 giving these in narrative fashion -- what you knew about
21 that event, whether you knew of it in advance and what
22 reaction there was to it?

23 A I didn't know about it in advance, and I don't
24 think anybody else did in advance.

25 As I testified previously, from the fall of 1984

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1 forward we developed a policy of ignoring Eden Pastora,
2 because that was all we really could do with him during
3 the hard core Boland days, was ignore him.

4 We couldn't actively work to try to limit the
5 damage he did then during the NOHA days and the attendant
6 legislative framework we actively worked not to provide him
7 with assistance from NOHA.

8 There is a reason for that. We had made a very
9 careful review of Eden Pastora [REDACTED]

10 [REDACTED]
11 [REDACTED]
12 [REDACTED] was deeply involved in drug running, and
13 that for multiple reasons we just didn't want to deal with
14 Eden Pastora, not to mention the man's personality.

15 Even had he been above those two -- and we were
16 not so certain whether he was or wasn't -- we couldn't make
17 a clear distinction -- but we knew that he was a mercurial
18 personality that was subject to manipulation by his
19 friends, that he reacted badly to things U.S., and we had
20 not been able to establish a cooperative relationship with
21 him.

22 His staff and friends [REDACTED]

23 [REDACTED] they were drug smugglers or involved in drug
24 smuggling, and we made a decision, one I defended ardently --
25 that you just can't deal with this man. You can not.

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Therefore, NAHO didn't deal with him, either. None of his forces in the 1985 to January 1986 time frame got anything. Nothing.

I think the record is very clear that we conceived of an operation in late 1985 to take -- skim off or take away from Eden Pastora those commandantes, those forces in the south which were reasonable, which were entities we thought would be worthy of support. And as the laws changed, [REDACTED] and in working towards that end.

We were well into that operation in March of 1986, and part of that operation had as its undertaking not dealing with Eden Pastora or any of his entourage, [REDACTED] and trying to pull them into a new collective.

It was within that context that -- and it was controversial. There was congressional pressure from both sides of the aisle, and not the center sides of those aisles, but a little bit further out to the right and left, in support of Eden Pastora. There was that -- that pressure was being brought to bear on the State Department.

The State Department doesn't like congressional pressure, and they were putting pressure on me to ^{rethink} ~~rethink~~ the position, and we were pretty firm. We knew we had it right and didn't think it was worth changing.

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1 Bill Walker and State Department had a
2 couple meetings with Eden Pastora, trying to talk with him
3 and get him to do things and to prove that he was someone
4 we could work with. And each time he proved just the
5 opposite.

6 It was in that context that one day I got a message
7 on my desk through the [REDACTED] channel -- that is a channel
8 which is CIA communications through which an ambassador
9 or any other entity can communicate to specific addressees
10 in their parent organizations.

11 This particular [REDACTED] message went, as I recall
12 it, to the State Department for Elliott Abrams, White
13 House for Oliver North, and to me, and to somebody in DOD.
14 And it said that, "I, Ambassador Tambs, have talked to
15 General Singlaub," and and General Singlaub had struck this
16 deal with Eden Pastora.

17 I don't remember the text of it, but that was
18 the thrust of it.

19 So, we had General Singlaub negotiating with
20 Eden Pastora on behalf of the U.S. Government, and I went
21 bonkers. What is this? This is contrary to everything
22 we are doing. This is not the right answer.

23 It turns out that the message was released without
24 the [REDACTED] having seen it. I don't
25 think that Ambassador Tambs knew exactly what the impact of

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✓ 1 it was; and we backed it off very quickly with some messages
2 saying that he doesn't speak for the U.S. Government, he had
3 no right to conclude such an agreement, and it was treated
4 from the very beginning as null and void or without any
5 substance.

6 Q The agreement, as I recall, and as you just
7 mentioned, does mention that the agreement is drafted in
8 terms of an agreement between the U.S. and Eden Pastora.

9 A Absolutely, yes.

10 Q Do you know whether General Singlaub spoke to
11 anyone in the United States Government before entering into
12 the agreement about that?

13 A I don't know if he spoke with anyone, but I know
14 that everybody reacted with the same horror.

15 It was my impression that he didn't speak with
16 anybody in Washington about it. I suspect that he might
17 have talked -- I just don't know. I don't know beyond
18 that.

19 Q You had mentioned Ambassador Tambs.

20 A He may have talked to Ambassador Tambs, but that
21 is pure unadulterated speculation.

22 Q There was nothing in the cable traffic that led
23 you to conclude that he must have spoken to Ambassador Tambs?

24 A Well, it is hard to believe that he would have done
25 this totally devoid of any context, any discussion at all.

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1 But I don't know that there was any discussion.

2 One can conjure up an image that, as I said, State Department
3 was nervous because of the pressure they were getting from
4 various congressional quarters about Pastora, that maybe
5 they had talked somehow to Tambs, Tambs had talked somehow
6 to Singlaub, saying, "Talk to Pastora and see if you can't
7 work something out; find out if the agency has got it
8 right. The agency may have this wrong in dropping this.
9 It is an awkward situation." You know, that kind of thing.

10 But I don't know that for a fact.

11 Q Was there a RIG meeting on this issue after it
12 came up?

13 A I don't think there was a specific RIG
14 meeting, but it was certainly discussed on phones. Phones
15 rang hot and heavy there, and there was probably -- Eden
16 Pastora was discussed frequently at RIG meetings, and this
17 policy was reviewed and looked at under a microscope,
18 argued, debated, challenged, and this would have been
19 discussed at the meetings subsequent to it.

20 Q Do you recall any specific reaction by Elliott
21 Abrams to this agreement that Singlaub --

22 A Yes, he was upset by it, too.

23 As I recall, all of the principals were upset of
24 the concept of General Singlaub negotiating with Eden
25 Pastora for the U.S. Government and wondered what in the

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1 hell was going on.

2 Q I believe that I am correct that Director Casey's
3 calendar reflects various meetings with Singlaub in
4 February or so of 1986.

5 Do you know what those meetings were about?
6 Did you attend any?

7 A I did not attend those meetings.

8 I have never met General Singlaub. I have spoken --
9 since the start of this program -- talked to him a couple
10 of times, and my secretary has talked to him, but up until
11 sort of November-December, I didn't know General Singlaub
12 and had had no dealings with him at all.

13 Q Up until December 1986.

14 A 1986, yes.

15 Q And --

16 A By "this" program, I mean the current approvals
17 to support and fund the contras. Very specifically,
18 General Singlaub's organization has [REDACTED] in the
19 United States that they bought for the resistance forces.
20 The resistance needs that [REDACTED] It is hung up in
21 Florida, and we have had some discussions and some legal
22 discussions as to whether or not -- I have had some
23 discussions about their [REDACTED] its funding; where it
24 came from; is it tainted with Iran-contra money; is it pure
25 from Iran-contra money; what is its export license status;

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1 and have been in discussion with our general counsel as
2 to whether or not we can assist the resistance in exporting
3 that [REDACTED]

4 And the decision is not taken yet. That is the
5 purpose of the subsequent discussions indirectly with
6 General Singlaub.

7 Prior to that time, I didn't know General Singlaub.
8 I had no discussions with him. The director never talked
9 to me about those meetings.

10 I was aware, however, unlike the meetings with
11 General Second -- I was aware, unlike the meetings with
12 General Second, that the director met with Singlaub, but
13 I didn't know why, and I even think one time I asked, said
14 something to the director -- "You shouldn't be meeting with
15 him" or something like that. But I didn't meet with him.
16 And the director never told me what they talked about.

17 Q Did you ever talk to, you know, Ben Wickham,
18 I take it?

19 A Yes.

20 Q Did you ever talk to Ben Wickham about
21 General Singlaub?

22 A Only in general terms. He told me that one time
23 he called me up and said, [REDACTED] people have to stand up
24 for what they believe in. I am going to resign and go work
25 for the contras."

~~TOP SECRET~~

1 I said, "Jesus, Ben, you got to do what you got to
2 do, but are you sure that is smart?"

3 He said, "No, I am going to do it."

4 And I said, "Let your conscience be your guide."

5 He said, "I am going to work for General Singlaub."

6 I said, "Well, I would think twice about doing
7 that." And that was about the sum total of my discussions
8 with Ben, and Ben came down and said he was going to do it,
9 and I wished him Godspeed.

10 Q Do you recall whether Mr. Wickham told you that
11 you ought to be meeting with Singlaub?

12 A I don't recall him saying that, but he might have
13 said that. I was not about to meet with General Singlaub.

14 Q Does there come a time around the spring of 1986
15 when Eden Pastora is arrested?

16 A No, but as I recall, there was some discussion
17 of him being arrested and kicked out of the country, but
18 I don't think he was ever arrested.

19 Q What was he being -- what was the occasion for
20 the discussion about him being arrested?

21 A I am trying to remember just what that was.
22 I just don't recall. Anything I said would be just a wild
23 guess.

24 Q Let me ask you this. The summer of 1986 -- you
25 may have testified about this; and if you have, let me just

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27

1 go through it again -- in the summer of 1986, it is my
2 understanding that you have some involvement in providing
3 a bank account to Elliott Abrams.

4 A Yes.

5 Q Can you tell me what you know about that
6 incident?

7 A Sure.

8 The story begins at an NSC meeting in the spring --
9 maybe May of 1986 or thereabouts. I can't place the exact
10 time. You probably have the minutes from it. I know the
11 Tower --

12 Q I think it was an NSPC meeting about May 14, 18,
13 something like that.

14 A Anyway, it was chaired by the President. Cabinet
15 level meeting.

16 I was there as the staff support for the director.

17 The thrust of that meeting was that we had
18 projected that NOHA funding would run out in July, final
19 funding, and that even though we were fairly confident
20 at that point in time that we were going to get
21 congressional approval for a program, unabridged program of
22 support, that probably wouldn't have happened until the
23 August recess or even after the August recess. I think by
24 that time we were pretty clear that it might not happen until
25 September in the continuing resolution.

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28

1 And the focal point was what to do about
2 bridge money, what to do about funding the resistance,
3 that there would clearly be a cash shortfall.

4 Nothing came out of that meeting. No decisions
5 were taken, and then we calculated -- we -- Ambassador
6 Duemling and I calculated and sharpened the pencils again
7 and projected that the force could be fed through July of
8 1985, and that left a shortfall, and there was a lot of
9 discussion that the State Department had to get out and
10 exercise its authority to solicit money from someplace.

11 And in that context, sometime in late July,
12 probably -- not probably -- the last week in July, because
13 I have gone back and checked the dates. Elliott Abrams
14 came to me and said, "[REDACTED] there is a possibility for us
15 to solicit money from the Sultan of Brunei. I am going to
16 London to meet with his emissary. How should we handle
17 the money? Do you have any ideas?"

18 I thought a minute and did some fast
19 calculations, reflected largely on [REDACTED] program, but
20 knowing we couldn't put it in a CIA bank account.

21 I said what we ought to do is get [REDACTED]
22 [REDACTED] to open up a bank account and deposit
23 the money in that bank account, and then the money can be
24 controlled so that it is spent under our control via that
25 account, because, you know, [REDACTED] is a good

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29

1 guy, and we work very closely with him, and State does, too.
2 And he is -- I was fairly confident that he would spend the
3 money for the correct things within the parameters of the
4 law, because the law says, you know, you can solicit for
5 things in the law.

6 Q So, that would be a way you could maintain control
7 over it.

8 A Maintain control over it -- that was exactly right.
9 That was what was in the back of my mind, because it could
10 be controlled in USG, in particular by the State Department
11 through that mechanism.

12 Elliott said, "Okay, can you see if you can do
13 that?"

14 I said, "Yes."

15 So, I instructed my staff to contact [REDACTED]
16 [REDACTED] and have him open up the
17 bank account.

18 Time was short, because Elliott was leaving on
19 a Friday, and it was mid-week, so he flew to [REDACTED]
20 and opened up a bank account [REDACTED]

21 Q Who was "he" in that sentence?

22 A [REDACTED] He opened up the bank account
23 in [REDACTED] with himself as the signator and his
24 accountant the co-signator on the account in [REDACTED]

25 You have the account. I don't remember any more

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30

1 of what it is.

2 Q Yes.

3 A And he flew back and called the account number
4 in, and I gave it to Elliott, and Elliott said, "Thank you
5 very much."

6 And subsequent to that, I think I asked [REDACTED]
7 Elliott if it was successful. He said he didn't know.
8 I asked [REDACTED] a couple times if any money had
9 been deposited. Most recently we asked him in, I guess,
10 March or 'so of this year, if money was deposited, and 'all
11 the answers were "no". That is the story.

12 Q Are you aware that Mr. Abrams had also asked
13 Colonel North for a bank account?

14 A I became aware of that some time -- I think it
15 was in December 1986.

16 Q So, well after that.

17 A Well after. It was attendant to the investigations
18 that I became aware of that.

19 Q Did you ever learn from Mr. Abrams or from
20 anybody that, although today no one seems to be able to
21 find the money, whether or not the Sultan had agreed to
22 provide funds?

23 A I never got a specific answer on that. Elliott
24 never -- he said he didn't know. He said -- and I never
25 got a neat answer on that, so the answer to your question

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3.

1 is "no."

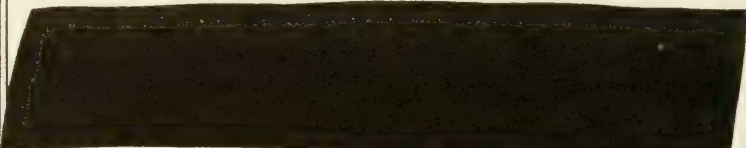
2 Q I have just two more areas I want to cover.

3 The first is that I think it was the Sunday after
4 you were here last time Ambassador Tambs had a long piece
5 in the paper. That was right after you testified.

6 A Yes.

7 Q Mr. Tambs essentially said, as I recall the
8 article in the Sunday New York Times, that he acknowledged
9 his instructions were to open a southern front, and he
10 essentially said he was receiving his instructions from
11 the RIG at a time when you were on the RIG.

12 A Yes, and he said I was one of the core members
13 of the RIG.



16 Q Okay.

✓ 18 A And the attendant editorial in the New York
✓ 19 Times.

20 Q I wanted to give you an opportunity to comment
21 on the article.

22 A Having read the article and having gone back and
23 reviewed all of the traffic related to that, I can say
✓ 24 that the article had truth in it, but the fundamental
25 allegations that I instructed him to, or Elliott Abrams

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32

1 instructed him to provide logistic support to the private
2 benefactors is wrong.

3 The allegations that I instructed him --
4 instructed him to open up a southern front is misleading.
5 That we supported the Southern Front, that we wanted the
6 southern front opened up, that we intended to restructure
7 that Southern Front and were actively involved in it is
8 absolutely accurate.

9 We started, as I said, thinking about it in
10 November-December of 1985. The law was changed in December
11 of 1985, and by January of 1986 we were within the context
12 of that law very actively involved in manipulating and
13 working, manipulating the situation and working to
14 establish the southern front.

15 Our [redacted] was operating under instructions and
16 in close coordination with us -- Ambassador Tambs knew it.
17 Ambassador Tambs was working within that regard. But we
18 didn't -- I didn't -- let me speak specifically about
19 me -- I didn't instruct Ambassador Tambs to take actions
20 that were in contravention of the law to provide logistic
21 support to the private benefactors or things of that
22 nature.

23 So, my impression of the article was it was kind
24 of a pitiful article, because he hasn't got it exactly
25 right. And I can't quite see what his motivation is in

~~TOP SECRET~~

33

1 doing that and outlining it the way he did.

2 If that was his understanding, then he has some
3 misunderstandings.

4 Q The last thing I want to ask you about is on
5 about October 14, 1986 you attended a briefing of the
6 members of the HPSCI staff. I suspect Mr. Giza was present.

7 The purpose of the briefing -- it appears you
8 were summoned or requested -- the agency, I should say,
9 was requested to attend, because the Hasenfus plane had
10 recently gone down. And the focus was to -- it appears from
11 the questioning, at least, and from the memorandum done
12 about the pre-briefing -- it was a pre-brief -- that the
13 members of the committee wanted to know about United States
14 Government involvement with the operation in the Hasenfus
15 was involved.

16 You testified last time that by January or so
17 of 1986, late December 1985, January 1986, you began to
18 suspect that Colonel North has got some involvement with
19 that operation, that in the summer of 1985 Colonel North
20 comes to you and wants -- suggests to you that the agency
21 should purchase the assets, that in August of 1986 you
22 attended a meeting that you really wished that you had not
23 attended that involved -- I can't remember if you were at
24 the meeting with Felix Rodriguez or --

25 A Not, definitely not the meeting with

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34

1 Felix Rodriguez.

2 Q You were at the follow-up meeting, I guess, where
3 Felix Rodriguez was discussed, and some of what he said
4 was discussed.

5 Let me just ask you -- there were a number of
6 questions that were posed, principally to Mr. George,
7 asking what the agency knew about this private operation,
8 and Mr. George -- and even more strongly, Mr. Abrams --
9 both emphatically stated -- Mr. George says the agency
10 had no involvement whatsoever, but it appears Mr. Abrams
11 states that the United States Government had no
12 involvement in that private resupply operation.

13 Is that your recollection of what occurred at that
14 meeting?

15 A Generally, yes.

16 I would have to read the transcript to reflect
17 my recollection. But generally, that was it, yes.

18 Q Why didn't you speak up and tell the committee
19 about your belief by this time that Colonel North was
20 involved in that operation?

21 A Let me start off by saying that Mr. George's
22 position at the agency was not involved in these operations.
23 That is absolutely accurate, according to our knowledge at
24 that point in time.

25 Q I understand.

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1 A And I think that subsequently we did find out that
2 [REDACTED] was a little more closely involved than the
3 instructions would have otherwise have had him be, but still
4 our office of General Counsel has determined that, from their
5 opinion, that his activity, although represented a
6 violation of standing operating procedures and regulations
7 and instructions, does not represent a violation of the
8 law.

9 So, I think Mr. George's testimony is
10 absolutely accurate.

11 I didn't speak up for two reasons. First off,
12 the question was not directed to me. Secondly, it was my
13 belief that even though I had bits and pieces of this
14 thing pulled together, I did not believe it was a U.S.
15 Government operation. I still don't believe it was a
16 U.S. Government operation.

17 I didn't know then what I know now about the
18 involvement of [REDACTED] or the involvement, apparently,
19 based on General Secord's testimony -- the alleged
20 involvement of Colonel Steele, and didn't see the need
21 to intervene in that testimony.

22 Now, I have testified in front of the House
23 Committee in previous times to that in direct response
24 to questions by Congressman Brown when he asked me a very
25 similar question, or questions, why we were not investigating

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36

1 that.

2 Q I have read that.

3 A And I said to Congressman Brown that so far as
4 we have been able to tell in looking at it, the trail leads
5 back to the United States and U.S. persons and U.S. money.
6 And that is not a matter for us to investigate. That
7 is where I was.

8 I thought they were private individuals and
9 was unaware of the scope and nature of U.S. Government,
10 official government positions.

11 I believe Ollie's involvement was one, as I think
12 I have described, of the second team quarterback on the
13 sidelines flashing signals to the quarterback playing the
14 game, and not a direct involvement.

15 I didn't think he was running the operation.
16 I knew he could influence it. I knew he could cause it to
17 do things, but I didn't think he was a direct player.

18 So, I made a decision. It may or may not be right.
19 I just stayed silent.

20 Q I would be glad to show this to you. I am not
21 hiding it in any fashion. The Chairman in speaking to
22 Mr. George says -- "You began with a series of denials of
23 CIA involvement in any way, directly or indirectly,
24 in supplying the contras. Does the same denial apply to
25 the United States Government across the board, in other

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37

1 words?

2 "Mr. George. Mr. Chairman, I can not speak for
3 the United States Government. I can speak for the Central
4 Intelligence Agency.

5 "The Chairman. Can anyone assure us that the
6 United States Government was not involved, indirectly or
7 directly, in any way in supply of the contras?

8 "Mr. Abrams. I believe we have done that, and
9 I think it is -- done that -- that is, I think the
10 President has done it, the Secretary has done it, and .
11 I have done it.

12 "The Chairman. So, the answer is the United States
13 Government was not involved in any way?"

14 It seems to me in reading this whole transcript
15 the direct impression that comes across in the testimony
16 of Mr. George and Mr. Abrams is that there is no government
17 involvement whatsoever in this entire operation, and yet you
18 testified before that you, as well as a number of other
19 people in the United States Government, are, especially by
20 October of 1986 -- have fairly certain knowledge, although
21 some of it you derived inadvertently, that Colonel North
22 was quite heavily involved.

23 Did you just make a decision that your information
24 was not solid enough to speak up at that time?

25 A Well, as I think you can see, the questions weren't

~~TOP SECRET~~

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1 directed to me, and for that I am extremely grateful.

2 Q I understand.

3 A And, frankly, at that point in time, I think to
4 lay it out there I was just grateful the question was not
5 directed to me.

6 And I don't know how to answer it, had it been
7 directed to me. I knew the CIA was not involved, and
8 I suppose that is a tremendous parochial view, but I think
9 that, as you see throughout the testimony and in your
10 investigation of this entire affair, my position has been
11 that as I steamed through what I knew to be troubled and
12 potentially perilous waters, I wanted to keep the agency
13 off the shoals and clean, and made decisions that were
✓ 14 based on that staying within the parameters; and so I would
15 have testified similar to Mr. George, that I knew about
✓ 16 the agency. I didn't know and would not speak about the
17 U.S. Government.

18 That was the way I would have answered the
19 question.

20 MR. EGGLESTON: I have nothing further.

21 EXAMINATION

22 BY MR. GIZA:

23 Q [REDACTED] continuing on the same line of
24 questioning that was pursued by Mr. Eggleston, when you
25 testified before us on the first of May, you gave the

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39

1 general indication in our discussions that you pretty
2 much knew in the winter and spring of 1986 that people like
3 Richard Gadd, people like Felix Rodriguez, were involved
✓ in this; and you had some sense that those same individuals
5 who were providing humanitarian assistance were also
6 providing lethal assistance.

7 You recounted for us at the time an incident on
8 the tarmac at [REDACTED] where there was a load on an aircraft
9 that was going to [REDACTED] You indicated this couldn't
10 go. You went with Felix Rodriguez, placed a direct call to
11 Oliver North.

12 I would like to introduce for today Exhibit 12,
13 CIIN No. 2307, and show that to you, [REDACTED]

14 (Exhibit No.12 was marked for
15 identification.)

16 (The document marked as Exhibit No. 12 follows:)

17 ***** INSERT 1-1 *****
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40

1 BY MR. GIZA:

2 Q Are you familiar with that memo?

3 A Yes.

4 Q You read it?

5 A Yes.

6 Q At the time --

7 A Yes.

8 Q -- that it occurred?

9 A Yes.

10 Q The memo gives an indication, at least, that
11 Oliver North was, in fact, a principal focus of this
12 operation.

13 One could interpret it that way. Maybe you did
14 not. But that he had been, quote, unquote, "coordinating"
15 between Felix Rodriguez and Oliver North.

16 So, not only did you have this incident with
17 Oliver North making coordination arrangements, but you had
18 the incident with Rodriguez where Felix Rodriguez talked
19 to Oliver North on the phone.

20 As you went through the summer, you saw
21 additional incidents where Felix was involved with these
22 aircraft, where North was also involved.

23 Isn't it true you told us that North had also
24 shown you photographs of the airfield in [REDACTED]

25 A Yes. Nor just me, the whole --

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41

1 Q Members of the RIG?

2 A A whole group of people. And beyond that, as
3 I recall, it was a fairly large meeting.

4 Q So, you had a general sense that Oliver North was
5 not only knowledgeable of the aerial resupply effort, but
6 he was also knowledgeable of the airfield in [REDACTED]

7 Let me introduce from the testimony on
8 14 October 1986 Exhibit No. 13.

9 A Okay.

10 (Exhibit No. 13 was marked for
11 identification.)

12 (The document marked Exhibit No. 13 follows:)

13 ***** INSERT 1-2 *****
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42

1 BY MR. GIZA:

2 Q You are familiar with that testimony given by
3 you during that session on 14 October?

4 A Yes.

5 Q While Mr. George responded to the questions as to
6 the airplane, you also responded, indicating that you did
7 not know, and again, when the Chairman asked secondly, you
8 said that you again did not know.

9 A Yes.

10 They asked me the question. The Chairman says,
11 "You do not know whose airplane that was?"

12 Mr. George said, "I have no idea. I read -- except
13 what I read in the paper.

14 The Chairman said, "I understand, but you don't
15 know?"

16 [REDACTED] No. We do not know."

17 At that point in time, if you would have asked
18 me who owned that airplane, I didn't know who owned that
19 airplane.

20 Q You may not have known who the specific owner
21 of the airplane was, but you did, in fact, know a good deal
22 about the operation that was underway at [REDACTED]

23 A You couldn't have been in my job and been
24 competent and not have developed an understanding of the
25 operation at [REDACTED]

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1 As I testified before, my job was to keep the
2 agency out of that operation and to stay within the bounds
3 of propriety and legality, and if I -- I did not allow
4 myself to develop a deep understanding in specific terms
5 about how that operation ran, who was behind it, and whose
6 airplanes those were and so on.

7 So, I would still stand by that answer at that
8 point in time.

end
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1 If you wanted to ask me whose airplanes those
 2 were, I did not know. If he had asked me, do you know who
 3 ran the operations and what, that is a different question
 4 and that would have been a different set of answers.

5 But as to whose airplane that was, I am still
 6 not sure who owns those airplanes.

7 Q The chairman -- you indicated you did not know
 8 who was flying the flights or who was behind them. The
 9 chairman said, and you still don't know, you responded,
 10 that is right; no?

11 Isn't it true that an individual by the name of
 12 [REDACTED] came to work for the Central Intelligence Agency
 13 some time in the summer of 1986?

14 A I don't know when he came to work for the Central
 15 Intelligence Agency.

16 Q ^(space) Were you knowledgeable of the fact that [REDACTED]
 17 had participated in this private benefactor resupply effort?

18 A Some time after -- I would have to get the exact
 19 dates -- after the 123 crashed and I think probably after
 20 that hearing, but again, I don't know that was brought to
 21 my attention. But I have never talked to [REDACTED] and
 22 made it my business not to be the person that debriefed
 23 him.

24 Q But there was someone in the Central Intelligence
 25 Agency who had been a direct participant in this effort?

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jm 2 1 A That is my understanding, yes. But I think that
 2 the record should be made absolutely clear that his clearance
 3 and the process of employment was begun prior to that and
 4 that he was not operating in those private flights with the --
 5 understands the instructions of the agency and indeed, I
 6 think that most, if not all of the agency management didn't
 7 know that he was involved in those private flights. It
 8 came as quite a shock to some of us and indeed to the
 9 management to find out that he was there.

10 Q Management didn't find that out until after they
 11 hired him?

12 A I don't know. You would have to ask the people
 13 who hired him and the people for whom he worked. It didn't
 14 come to my attention until after the 123 crashed and
 15 we were doing a very thorough interim review and it came
 16 to my attention in that context. Someone said there is this
 17 fellow and he does this. I brought it to the attention of
 18 my superiors. He was thoroughly debriefed and from there
 19 the story, I think, is known.

20 Q When you had that meeting with Don Gregg, Mr.
 21 Walker, Robert Earl, Ambassador Corr, ^(space) Colonel Steele, perhaps some
 22 others that I have left out, you were certainly knowledgeable
 23 that Felix Rodriguez was a main player and involved with
 24 this private benefactor resupply effort. I believe that
 25 at the time Felix was also knowledgeable and perhaps made

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1 known names of other individuals who were involved, Richard
2 Secord, Thomas Clines, others.

3 MS. MCGINN: Are you asking a question?

4 MR. GIZA: No, no, I am making a statement.

5 BY MR. GIZA:

6 Q So all of these individual's names were being
7 bandied about. Have you ever heard any of these names mentioned
8 in connection with the private benefactor resupply effort?

9 A Secord, yes; Clines, never in direct association
10 with it. I had seen a couple of pieces of paper that let
11 me know that Clines might be around but more on the
12 arms side of the equation than on the air delivery side.

✓ 13 I still to this day, don't associate Clines
✓ 14 with the private Benefactors that flew the flights, but
15 I saw a couple of peices of paper which would have allowed
16 me to make the sort of quantum leaps that intelligence
17 officers, operations officers make, saying, well, I
18 wonder whether he is involved.

19 But specifically, no. And I don't recall in that
20 meeting Clines having been mentioned at all. I don't recall
21 Secord necessarily having been mentioned in that meeting.

22 Q You knew from other information that Secord may
23 have been involved in the operation?

24 A I believe by that time I had an understanding
25 of Secord being involved.

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MR. GIZA: I would like to enter the following exhibit as number 14, into the record again from the October 14, 1986 testimony before the Intelligence Committee.

(The document referred to was marked as Exhibit [REDACTED] 14 for identification.)

INSERT 1a - 1

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jm 5

1 MS. MCGINN: If you are going to put this into
2 the record, I would ask that you put the whole testimony into
3 the record rather than piecemeal.

4 MR. GIZA: We will be happy to do that. We can
5 put the whole testimony in.

6 MS. MCGINN: Yes, and if you would allow the
7 witness to see the entire testimony, it makes it better for
8 him to answer the questions within that context rather than
9 one page at a time.

10 MR. GIZA: If the witness would like to see the
11 rest of this testimony, we would be happy to show him the
12 entire transcript.

13 THE WITNESS: Let me look at his and see the pages
14 front and back.

15 MS. MCGINN: Are you going to enter the whole
16 transcript into the record?

17 MR. GIZA: If you would like it, we would be happy
18 to do that.

19 MS. MCGINN: Yes; why don't you make the whole one
20 as Exhibit 14, rather than one piece?

21 MR. EGGLESTON: Why don't we make the whole
22 transcript Exhibit 15?

23 (The following document was marked as Exhibit 15
24 for identification:)

25 COMMITTEE INSERT

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49

jm 6

BY MR. GIZA:

Q Mr. Brown in the question posed to you on that page asked that you provide the committee with the information, the intelligence the CIA had concerning the resupply operation?

A Yes.

Q Since the funding cut off -- that information was, in fact, provided to the committee?

A Yes. We provided him all of the intelligence that we had on the best -- to the best of my knowledge, on the supply operations. We went back and did a complete review of the files and pulled it together, and I think you had the documents given to you.

Q Can you tell us [REDACTED], why the Central Intelligence Agency's memos to [REDACTED] were not provided to the Intelligence Committee?

A No. I can only tell you that it was a mechanical breakdown. That decision was taken by the chief of the reports, which I was not aware of, to do it. There was nothing underhanded, nothing, no skullduggery intended. It was just a mistake.

Q What do you term a mechanical breakdown?

A I told the chief of reports that I wanted him to produce all the intelligence on the supply operations to the resistance between this period of time. And I don't

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JM 7

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1 read those reports when they go out. To my mind it was
2 everything. It was only when the matter came up, I think some
3 months later you brought it up in somewhat irritated fashion,
4 that the memo to [REDACTED] had not gone forward. I went to
5 talk to my chief of reports who was the technician, the
6 chief technician that passes this stuff back; and I found
7 out he had not given you the memo to [REDACTED]

8 You will have to ask him why he didn't. He told
9 me there was sensitive limited distribution and didn't think
10 that they were to be included. If they were to be included,
11 they were not sent forward; and it was a mistake.

12 Q Who was the individual who was the chief or
13 reports?

A [REDACTED]

14 Q [REDACTED] I believe you are aware that the
15 Intelligence Committee, over the course of the last two
16 or three years, has been reviewing on a periodic basis,
17 perhaps every quarter, the agency's reports known as
18 TDs, those reports produced by the deputy director for
19 operations that concern reports on UNO and the FDN. Were
20 you aware during that period of time over the last two to
21 three years that again no memos to [REDACTED] were provided
22 to the staff of the Intelligence Committee?

23 A No, I was not aware of that. I became aware of
24 that only at this point in time. I had no intention of
25

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jm 8

1 not providing you the memos to [REDACTED] because to my
2 mind we had nothing to hide.

3 Q Thank you.

4 I have one other additional question.

5 Have you ever met with Spitz Channell?

6 A No.

7 Q Have you ever met with someone named Robert
8 and Jane Drissel?

9 A No.

10 Q Thank you very much.

11 A I would like to read into the record two reports
✓ 12 that ~~crossed~~ by desk yesterday, or Friday evening, and point
✓ 13 out to you, the committee, the damage this committee is doing
14 to the U.S. interests in Central America.

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*Pages 52-53 deleted
in their entirety*

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These are just two. We see over and over again since this has begun, Central American countries questioning the wisdom, the fidelity of the United States and their wisdom of continuing their association with us.

I just ^{wanted}~~wanted~~ to put that on the record.

The final point I want to put on the record is an excerpt from the CIA legal opinion regarding the Intelligence Authorization Act for fiscal year 1986, Section 105, Public Law 99-169, 4 December 1985. Conclusion is based on, this is -- there are two pertinent elements from that. A, CIA had the authority under that act to provide for information and advice including intelligence information and advice for and used by the resistance. CIA had the authority to

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jm 12

1 provide information and advice on resistance supply efforts
 2 so long as this did not amount to participating in the logistics
 3 activities integral to resistance military or para-military
 4 operations.

5 The finding goes on to point out that in the
 6 opinion of the general counsel such advice was not, did not
 7 differentiate between lethal and non-lethal equipment; and
 8 he quotes from that statement made by Senator Durenberger
 9 from the Floor of the Senate in the Congressional Record,
 10 S-16074, daily edition, dated 21, November 1985. I will not
 11 quote from that.

12 It is all ^{of four} ~~other~~ activities that I have made
 13 reference to and all of the instructions that I gave from
 14 the period roughly, 24 December 1985, forward, ^(space) until enact-
 15 ment of the current legislation rested on that opinion.

16 MR. EGGLESTON: [REDACTED] let me just say in
 17 response, and this is not intended to get into any sort of
 18 argument with you; but obviously the two Select Committees
 19 have done a somewhat complete investigation, or an investiga-
 20 tion of these various activities, and I just might also point
 21 out that Congress repeatedly through 1985 and 1986, asked
 22 Colonel North, the NSC, on occasion members of the Central
 23 Intelligence Agency, whether or not the law was being complied
 24 with, not just by the CIA, but by members of the NSC staff;
 25 and I can only wonder whether if the government, if the

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13

1 Congress had gotten accurate responses back then the extent
2 of Colonel North's involvement in supporting the contras
3 militarily, financially, with advice, whether or not you
4 would be in this situation.

5 THE WITNESS: Well, as I said, I think at the out-
6 start -- maybe this will be my final remarks -- my job
7 from the time I came into this as chief of the Central
8 American Task Force was to support the Administration's policy
9 within the bounds of the legal frame work and it was very
10 clear to me that those instructions entailed doing all that I
11 could within the bounds of legality to preserve the option
12 of bringing para-military pressure to bear on Nicaragua to
13 preserve the resistance forces, once ^{again} ~~again~~ within the bounds
14 of legality and to do all I could to support the Administratio
15 and working to change the frame work and achieve the space
16 and approval we needed.

17 I worked to do that within the bounds of legality,
18 to the best of my ability.

19 MR. EGGLESTON: Thanks [REDACTED]

20 Thanks for coming down again today.

21 THE WITNESS: Thank you.

22 (Whereupon at 10:45 a.m., the deposition concluded.)
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